

NINETY-SECOND DAY

St. Paul, Minnesota, Monday, April 28, 2014

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

Senator Bakk imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Sara E. Morse.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Eaton	Johnson	Osmek	Sieben
Bakk	Eken	Kent	Pappas	Skoe
Benson	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Bonoff	Franzen	Koenen	Petersen, B.	Stumpf
Brown	Gazelka	Latz	Pratt	Thompson
Carlson	Goodwin	Limmer	Reinert	Tomassoni
Chamberlain	Hall	Lourey	Rest	Torres Ray
Champion	Hann	Marty	Rosen	Weber
Clausen	Hawj	Metzen	Ruud	Westrom
Cohen	Hayden	Miller	Saxhaug	Wiger
Dahle	Hoffman	Nelson	Scalze	Wiklund
Dahms	Housley	Newman	Schmit	
Dibble	Ingebrigtsen	Nienow	Senjem	
Dziedzic	Jensen	Ortman	Sheran	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Torres Ray moved that the following members be excused for a Conference Committee on H.F. No. 2397 at 12:00 noon:

Senators Torres Ray, Dahle, Clausen, Nelson and Johnson. The motion prevailed.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 15, 2014

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

EMERGENCY MEDICAL SERVICES REGULATORY BOARD

Aaron Burnett, 640 Jackson St., Saint Paul, in the county of Ramsey, effective April 20, 2014, to complete a term expiring on January 4, 2016.

(Referred to the Committee on Health, Human Services and Housing.)

Sincerely,
Mark Dayton, Governor

April 25, 2014

The Honorable Sandra L. Pappas
President of the Senate

Dear Madam President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 167, S.F. No. 2076; Chapter 168, S.F. No. 1725 and Chapter 171, S.F. No. 685.

Sincerely,
Mark Dayton, Governor

April 25, 2014

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2014 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2014	Date Filed 2014
2076		167	11:00 a.m. April 25	April 25
1725		168	11:01 a.m. April 25	April 25
	2659	169	11:03 a.m. April 25	April 25

92ND DAY]

MONDAY, APRIL 28, 2014

8325

2190
685

170
171

11:05 a.m. April 25
11:06 a.m. April 25

April 25
April 25

Sincerely,
Mark Ritchie
Secretary of State

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1732.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 25, 2014

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 663: A bill for an act relating to state government; making changes to resource recovery provisions; amending Minnesota Statutes 2012, section 115A.15, subdivisions 2, 9, 10.

Senate File No. 663 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 24, 2014

CONCURRENCE AND REPASSAGE

Senator Johnson moved that the Senate concur in the amendments by the House to S.F. No. 663 and that the bill be placed on its repassage as amended.

Senator Osmek moved that the Senate do not concur in the amendments by the House to S.F. No. 663, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House.

CALL OF THE SENATE

Senator Latz imposed a call of the Senate for the balance of the proceedings on S.F. No. 663. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Osmek motion. The motion prevailed.

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2365, 2830, 3115, 2166, 1961 and 2531.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 25, 2014

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2365: A bill for an act relating to employment; requiring professional licensing boards to expedite licensure of former and current members of the military; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 197.

Referred to the Committee on Finance.

H.F. No. 2830: A bill for an act relating to counties; providing a process for combining and making the offices of county auditor-treasurer and recorder appointive in Becker County.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2463, now on General Orders.

H.F. No. 3115: A bill for an act relating to elections; authorizing the Saint Louis County Board to change to two years the term of a certain member to be elected in 2014.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2565, now on General Orders.

H.F. No. 2166: A bill for an act relating to elections; providing a study of the use of electronic rosters in elections; requiring secretary of state to evaluate electronic rosters in 2014 election; authorizing the use of electronic rosters statewide; proposing coding for new law in Minnesota Statutes, chapter 201.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1811, now on General Orders.

H.F. No. 1961: A bill for an act relating to ethics in government; modifying duties of board; expanding requirements relating to economic disclosure and conflicts of interest; amending Minnesota Statutes 2012, sections 10A.09, subdivision 5, by adding a subdivision; 13.607, subdivision 5; Minnesota Statutes 2013 Supplement, sections 10A.02, subdivision 10; 10A.07, subdivision 1.

Referred to the Committee on Rules and Administration.

H.F. No. 2531: A bill for an act relating to campaign finance; making various technical changes; authorizing the board to request reconciliation information; authorizing certain fees; modifying certain definitions and fee amounts; imposing penalties; amending Minnesota Statutes 2012, sections 10A.01, subdivisions 5, 26; 10A.02, subdivision 11a; 10A.025, by adding a subdivision; 10A.09, subdivisions 1, 5, by adding a subdivision; 10A.12, subdivision 5; 10A.255, subdivision 3; 10A.28, subdivision 4; 211A.02, subdivision 2; Minnesota Statutes 2013 Supplement, sections

10A.01, subdivision 10; 10A.02, subdivision 11; 10A.025, subdivision 4; 10A.20, subdivisions 2, 5; repealing Minnesota Statutes 2012, section 10A.09, subdivision 8.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2402, now on General Orders.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 1425 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1425	1353				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1425 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1425, the first engrossment; and insert the language after the enacting clause of S.F. No. 1353, the first engrossment; further, delete the title of H.F. No. 1425, the first engrossment; and insert the title of S.F. No. 1353, the first engrossment.

And when so amended H.F. No. 1425 will be identical to S.F. No. 1353, and further recommends that H.F. No. 1425 be given its second reading and substituted for S.F. No. 1353, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 2236 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2236	2472				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 2293 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2293	2368				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2293 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2293, the second engrossment; and insert the language after the enacting clause of S.F. No. 2368, the first engrossment; further, delete the title of H.F. No. 2293, the second engrossment; and insert the title of S.F. No. 2368, the first engrossment.

And when so amended H.F. No. 2293 will be identical to S.F. No. 2368, and further recommends that H.F. No. 2293 be given its second reading and substituted for S.F. No. 2368, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 2695 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2695	2178				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2695 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2695, the first engrossment; and insert the language after the enacting clause of S.F. No. 2178, the first engrossment; further, delete the title of H.F. No. 2695, the first engrossment; and insert the title of S.F. No. 2178, the first engrossment.

And when so amended H.F. No. 2695 will be identical to S.F. No. 2178, and further recommends that H.F. No. 2695 be given its second reading and substituted for S.F. No. 2178, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 2853 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2853	2347				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2853 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2853, the second engrossment; and insert the language after the enacting clause of S.F. No. 2347, the first engrossment; further, delete the title of H.F. No. 2853, the second engrossment; and insert the title of S.F. No. 2347, the first engrossment.

And when so amended H.F. No. 2853 will be identical to S.F. No. 2347, and further recommends that H.F. No. 2853 be given its second reading and substituted for S.F. No. 2347, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 1772: A bill for an act relating to public safety; amending the definition of crime of violence in the firearm law; amending Minnesota Statutes 2012, section 624.712, subdivision 5.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 2701: A bill for an act relating to disaster relief; creating a disaster assistance contingency account; requiring transfer of unused disaster relief appropriations to the disaster assistance contingency account; establishing a disaster relief cost-share relationship between the state, local governments, and American Indian tribes and bands; authorizing state public disaster assistance in the absence of federal public disaster assistance; appropriating money; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 16A.28, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 12B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DISASTER ASSISTANCE FOR PUBLIC ENTITIES; FEDERAL AID GRANTED

Section 1. Minnesota Statutes 2012, section 12.03, is amended by adding a subdivision to read:

Subd. 5d. **Local government.** "Local government" has the meaning given in Code of Federal Regulations, title 44, section 206.2 (2012).

Sec. 2. Minnesota Statutes 2012, section 12.03, is amended by adding a subdivision to read:

Subd. 6b. **Nonfederal share.** "Nonfederal share" has the meaning given in section 12A.02, subdivision 7.

Sec. 3. Minnesota Statutes 2012, section 12.221, subdivision 4, is amended to read:

Subd. 4. **Subgrant agreements; state share.** (a) The state director, serving as the governor's authorized representative, may enter into subgrant agreements with eligible applicants to provide federal and state financial assistance made available as a result of a disaster declaration.

(b) When state funds are used to provide the FEMA Public Assistance Program cost-share requirement for a local government, the state director must award a local government 100 percent of the nonfederal share of the local government's FEMA Public Assistance Program costs.

Sec. 4. Minnesota Statutes 2012, section 12.221, is amended by adding a subdivision to read:

Subd. 6. **Disaster assistance contingency account; appropriation.** (a) A disaster assistance contingency account is created in the special revenue fund in the state treasury. Money in the disaster assistance contingency account is appropriated to the commissioner of public safety to provide:

(1) cost-share for federal assistance under section 12A.15, subdivision 1; and

(2) state public disaster assistance to eligible applicants under chapter 12B.

(b) For appropriations under paragraph (a), clause (1), the amount appropriated is 100 percent of any nonfederal share for state agencies and local governments. Money appropriated under paragraph (a), clause (1), may be used to pay all or a portion of the nonfederal share for publicly owned capital improvement projects.

(c) For appropriations under paragraph (a), clause (2), the amount appropriated is the amount required to pay eligible claims under chapter 12B, as certified by the commissioner of public safety.

(d) By January 15 of each year, the commissioner of management and budget shall submit a report to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee detailing state disaster assistance appropriations and expenditures under this subdivision during the previous calendar year.

(e) The governor's budget proposal submitted to the legislature under section 16A.11 must include recommended appropriations to the disaster assistance contingency account. The governor's appropriation recommendations must be informed by the commissioner of public safety's estimate of the amount of money that will be necessary to:

(1) provide 100 percent of the nonfederal share for state agencies and local governments that will receive federal financial assistance from FEMA during the next biennium; and

(2) fully pay all eligible claims under chapter 12B.

(f) Notwithstanding section 16A.28:

(1) funds appropriated or transferred to the disaster assistance contingency account do not lapse but remain in the account until appropriated; and

(2) funds appropriated from the disaster assistance contingency account do not lapse and are available until expended.

Sec. 5. Minnesota Statutes 2012, section 12A.02, subdivision 2, is amended to read:

Subd. 2. **Appropriation.** "Appropriation" means an appropriation provided in law specifically to implement this chapter, including but not limited to a statutory appropriation to provide the required cost-share for federal disaster assistance under section 12.221.

Sec. 6. Minnesota Statutes 2012, section 12A.02, is amended by adding a subdivision to read:

Subd. 6. **Local government.** "Local government" has the meaning given in section 12.03, subdivision 5d.

Sec. 7. Minnesota Statutes 2012, section 12A.02, is amended by adding a subdivision to read:

Subd. 7. **Nonfederal share.** "Nonfederal share" means that portion of total FEMA Public Assistance Program costs that is no more than 25 percent and is not eligible for FEMA reimbursement.

Sec. 8. Minnesota Statutes 2012, section 12A.03, subdivision 3, is amended to read:

Subd. 3. **Nonduplication of federal assistance.** State assistance may not duplicate or supplement eligible FEMA Public Assistance Program assistance. For eligible Public Assistance Program costs, any state matching cost-share money made available for that assistance must be disbursed by the Department of Public Safety to a state agency, local ~~political subdivision~~, ~~Indian tribe government~~, or other applicant. State assistance distributed by a state agency, other than the Department of Public Safety, to a ~~political subdivision~~ local government or other applicant for disaster costs that are eligible for FEMA Public Assistance Program assistance constitutes an advance of funds. Such advances must be repaid to the applicable state agency when the applicant has received the FEMA Public Assistance Program assistance, and whatever state matching cost-share money may be made available for that assistance, from the Department of Public Safety.

Sec. 9. Minnesota Statutes 2012, section 12A.15, subdivision 1, is amended to read:

Subdivision 1. **State match cost-share for federal assistance.** State appropriations may be used for ~~payment of the state match for federal disaster assistance to pay 100 percent of the nonfederal share for state agencies. If authorized in law, state appropriations may be used to pay all or a portion of the local share of the match for federal funds for political subdivisions and local governments~~ under section 12.221. An appropriation from the bond proceeds fund may be used ~~to fund federal match obligations as cost-share for federal disaster assistance for publicly owned capital improvement projects resulting from the receipt of federal disaster assistance.~~

Sec. 10. Minnesota Statutes 2012, section 16A.28, is amended by adding a subdivision to read:

Subd. 9. **Disaster assistance.** (a) The commissioner of management and budget must transfer the unexpended and unencumbered balance of a general fund disaster assistance appropriation that expires as provided under this section or as otherwise provided by law to the disaster assistance contingency account in section 12.221, subdivision 6.

(b) Expired disaster assistance transferred to the disaster assistance contingency account is available for appropriation as provided under section 12.221, subdivision 6, regardless of

the specific disaster event or purpose for which the expired disaster assistance was originally appropriated.

(c) The commissioner must report each transfer to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee.

(d) For the purposes of this subdivision, "disaster assistance appropriation" means an appropriation from the general fund to provide cost-share required for federal disaster assistance or to provide other state disaster assistance under chapter 12A or 12B.

Sec. 11. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 2

DISASTER ASSISTANCE FOR PUBLIC ENTITIES; ABSENT FEDERAL AID

Section 1. **[12B.10] PUBLIC DISASTER ASSISTANCE; ABSENT FEDERAL AID.**

This chapter establishes a state public assistance program to provide cost-share assistance to local governments that sustain significant damage on a per capita basis but are not eligible for federal disaster assistance or corresponding state assistance under chapter 12A.

Sec. 2. **[12B.15] DEFINITIONS.**

Subdivision 1. **Application.** The definitions in this section apply to this chapter.

Subd. 2. **Applicant.** "Applicant" means a local government that applies for state disaster assistance under this chapter.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of public safety.

Subd. 4. **Director.** "Director" means the director of the Division of Homeland Security and Emergency Management in the Department of Public Safety.

Subd. 5. **Disaster.** "Disaster" means any catastrophe, including but not limited to a tornado, storm, high water, wind-driven water, tidal wave, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought or, regardless of cause, any fire, flood, or explosion.

Subd. 6. **FEMA.** "FEMA" means the Federal Emergency Management Agency.

Subd. 7. **Incident period.** "Incident period" means the time interval of a disaster as delineated by specific start and end dates.

Subd. 8. **Local government.** "Local government" has the meaning given in section 12.03, subdivision 5d.

Sec. 3. **[12B.25] ELIGIBILITY CRITERIA; CONSIDERATIONS.**

Subdivision 1. **Payment required; eligibility criteria.** The director, serving as the governor's authorized representative, may enter into grant agreements with eligible applicants to provide state financial assistance made available as a result of a disaster that satisfies all of the following criteria:

(1) the state or applicable local government declares a disaster or emergency during the incident period;

(2) damages suffered and eligible costs incurred are the direct result of the disaster;

(3) federal disaster assistance is not available to the applicant because the governor did not request a presidential declaration of major disaster, the president denied the governor's request, or the applicant is not eligible for federal disaster assistance because the state or county did not meet the per capita impact indicator under FEMA's Public Assistance Program;

(4) the applicant incurred eligible damages that, on a per capita basis, equal or exceed 50 percent of the countywide per capita impact indicator under FEMA's Public Assistance Program;

(5) the applicant assumes responsibility for 25 percent of the applicant's total eligible costs; and

(6) the applicant satisfies all requirements in this chapter.

Subd. 2. **Considerations; other resources available.** When evaluating applicant eligibility under subdivision 1, the director must consider:

(1) the availability of other resources from federal, state, local, private, or other sources; and

(2) the availability or existence of insurance.

Sec. 4. [12B.30] ELIGIBLE COSTS.

Subdivision 1. **Eligible costs.** Costs eligible for payment under this chapter are those costs that would be eligible for federal financial assistance under FEMA's Public Assistance Program.

Subd. 2. **Ineligible costs.** Ineligible costs are all costs not included in subdivision 1, including but not limited to:

(1) ordinary operating expenses, including salaries and expenses of employees and public officials that are not directly related to the disaster response;

(2) costs for which payment has been or will be received from any other funding source;

(3) disaster-related costs that should, in the determination of the director, be covered and compensated by insurance; and

(4) projects and claims totaling less than \$1,000.

Sec. 5. [12B.35] APPLICANT'S SHARE.

An applicant's share of eligible costs incurred must not be less than 25 percent. The substantiated value of donated materials, equipment, services, and labor may be used as all or part of the applicant's share of eligible costs, subject to the following:

(1) all items and sources of donation must be indicated on the application and any supporting documentation submitted to the commissioner;

(2) the rate for calculating the value of donated, nonprofessional labor is the prevailing federal minimum wage;

(3) the value of donated equipment may not exceed the highway equipment rates approved by the commissioner of transportation; and

(4) the value of donated materials and professional services must conform to market rates and be established by invoice.

Sec. 6. [12B.40] APPLICATION PROCESS.

(a) The director must develop application materials and may update the materials as needed. Application materials must include instructions and requirements for assistance under this chapter.

(b) An applicant has 30 days from the end of the incident period or the president's official denial of the governor's request for a declaration of a major disaster to provide the director with written notice of intent to apply. The director may deny an application due to a late notice of intent to apply.

(c) Within 60 days after the end of the incident period or the president's official denial of the governor's request for a declaration of a major disaster, the applicant must submit a complete application to the director. A complete application includes the following:

(1) the cause, location of damage, and incident period;

(2) documentation of a local, tribal, county, or state disaster or emergency declaration in response to the disaster;

(3) a description of damages, an initial damage assessment, and the amount of eligible costs incurred by the applicant;

(4) a statement or evidence that the applicant has the ability to pay for at least 25 percent of total eligible costs incurred from the disaster; and

(5) a statement or evidence that the local government has incurred damages equal to or exceeding 50 percent of the federal countywide threshold in effect during the incident period.

(d) The director must review the application and supporting documentation for completeness and may return the application with a request for more detailed information. The director may consult with local public officials to ensure the application reflects the extent and magnitude of the damage and to reconcile any differences. The application is not complete until the director receives all requested information.

(e) If the director returns an application with a request for more detailed information or for correction of deficiencies, the applicant must submit all required information within 30 days of the applicant's receipt of the director's request. The applicant's failure to provide the requested information in a timely manner without a reasonable explanation may be cause for denial of the application.

(f) The director has no more than 60 days from the receipt of a complete application to approve or deny the application, or the application is deemed approved. If the director denies an application, the director must send a denial letter. If the director approves an application or the application is automatically deemed approved after 60 days, the director must notify the applicant of the steps necessary to obtain reimbursement of eligible costs, including submission of invoices or other documentation substantiating the costs submitted for reimbursement.

Sec. 7. [12B.45] CLAIMS PROCESS.

Subdivision 1. **Claims; appeal.** (a) An applicant must submit to the director completed claims for payment of actual and eligible costs on forms provided by the director. All eligible costs claimed for payment must be documented and consistent with the eligibility provisions of this chapter.

(b) If the director denies an applicant's claim for payment, the applicant has 30 days from receipt of the director's determination to appeal in writing to the commissioner. The appeal must include the applicant's rationale for reversing the director's determination. The commissioner has 30 days from receipt of the appeal to uphold or modify the director's determination and formally respond to the applicant. If, within 30 days of receiving the commissioner's decision, the applicant notifies the commissioner that the applicant intends to contest the commissioner's decision, the Office of Administrative Hearings shall conduct a hearing under the contested case provisions of chapter 14.

Subd. 2. **Final inspection.** Upon completion of all work by an applicant, the director may inspect all work claimed by the applicant. The applicant must provide the director with access to records pertaining to all claimed work and must permit the director to review all records relating to the work.

Subd. 3. **Closeout.** The director must close out an applicant's disaster assistance application after all of the following occur:

- (1) eligible work is complete;
- (2) the applicant receives the final amount due or pays any amount owed under section 12B.50; and
- (3) any extant or scheduled audits are complete.

Subd. 4. **Audit.** (a) An applicant must account for all funds received under this chapter in conformance with generally accepted accounting principles and practices. The applicant must maintain detailed records of expenditures to show that grants received under this chapter were used for the purpose for which the payment was made. The applicant must maintain records for five years and make the records available for inspection and audit by the director or the state auditor. The applicant must keep all financial records for five years after the final payment, including but not limited to all invoices and canceled checks or bank statements that support all eligible costs claimed by the applicant.

(b) The director or state auditor may audit all applicant records pertaining to an application or payment under this chapter.

Sec. 8. 12B.50 FUNDING FROM OTHER SOURCES; REPAYMENT REQUIRED.

If an applicant subsequently recovers eligible costs from another source after receiving payment under this chapter, the applicant must pay the commissioner an amount equal to the corresponding state funds received within 30 days. The commissioner must deposit any repayment in the disaster response contingency account in section 12.221, subdivision 6.

Sec. 9. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 3

TRANSFER

Section 1. TRANSFER; EMERGENCY MANAGEMENT.

On July 1, 2014, the commissioner of management and budget shall transfer \$3,000,000 from the general fund to the disaster assistance contingency account established in Minnesota Statutes, section 12.221, subdivision 6."

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

H.F. No. 1951: A bill for an act relating to retirement; various Minnesota public employee retirement plans; allowing MSRS-General deferred members to vote in board elections; continuing Stevens County Housing and Redevelopment Authority employees in PERA-General; excluding fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission from PERA-General coverage; increasing member and employer contribution rates for certain retirement plans; providing for the consolidation of the Duluth Teachers Retirement Fund Association retirement plan and fund into the statewide Teachers Retirement Association; revising an amortization target date, creating new state aid programs; appropriating money; extending a MnSCU early retirement incentive program; increasing the limit for certain reemployed MnSCU retirees; extending the applicability of a second chance at tenure retirement coverage election opportunity for MnSCU faculty members; revising investment authority for various defined contribution plans or programs; authorizing the State Board of Investment to revise, remove, or create investment options for the Minnesota supplemental investment fund; expanding permissible investments under the unclassified state employees retirement program, the public employees defined contribution plan, the deferred compensation program, and the health care savings plan; revising salary reporting requirements; clarifying retirement provision applications to sheriffs; revising local government postretirement option program requirements and extending expiration date; clarifying future postretirement adjustment rates for former members of the former Minneapolis Firefighters Relief Association and the former Minneapolis Police Relief Association; making technical changes to amortization state aid and supplemental state aid; clarifying the eligibility of independent nonprofit firefighting corporations to receive police and fire supplemental retirement state aid; implementing the recommendations of the 2013-2014 state auditor volunteer fire working group; modifying the disability benefit application deadline for certain former Wadena County sheriff's deputies; authorizing city of Duluth and Duluth Airports Authority employee salary-supplement payments coverage following Court of Appeals decision; specifying interest rate for computing joint and survivor annuities; revising postretirement adjustment triggers; revising reemployed annuitant withholding in certain divorce situations; clarifying medical advisor and resumption of teaching provisions; specifying explicit postretirement adjustment assumptions; allowing volunteer firefighter relief associations to pay state fire chiefs association dues from the special fund; authorizing MnSCU employee to elect TRA coverage and transfer past service from IRAP to TRA; clarifying the applicability of 2013 postretirement adjustment modifications to certain county sheriffs; ratifying or grandparenting MSRS-Correctional plan coverage for Department of Human Services employees; allowing various service credit purchases; requiring a PERA report on certain survivor benefit amounts; amending Minnesota Statutes 2012, sections 3A.01, subdivision 1a; 11A.17, subdivisions 1, 9; 13.632, subdivision 1; 122A.18, subdivision 7a; 136F.481; 352.01, subdivisions 2b, 12; 352.03, subdivision 1, by adding a subdivision; 352.04, subdivisions 2, 3; 352.115, subdivisions 8, 10; 352.1155, subdivisions 1, 4; 352.90; 352.91, subdivisions 1, 2, 3c, 3d, 3e, 3f, by adding a subdivision; 352.92, subdivisions 1, 2; 352.965, subdivision 4, by adding subdivisions; 352.98, subdivision 2; 352B.08, subdivision

3; 352D.04, by adding subdivisions; 353.01, subdivision 14; 353.27, subdivisions 2, 3, 3b, 4, by adding a subdivision; 353.30, subdivision 3; 353.37, by adding a subdivision; 353.371, by adding a subdivision; 353.6511, subdivision 7; 353.6512, subdivision 7; 353D.05, subdivision 1, by adding a subdivision; 354.05, subdivisions 2, 7, 13; 354.42, subdivisions 2, 3; 354.44, subdivision 5; 354.445; 354.48, subdivision 6a; 354A.011, subdivisions 11, 15a, 27; 354A.021, subdivision 1; 354A.092; 354A.093, subdivision 1; 354A.096; 354A.12, subdivision 2; 354A.29, subdivision 8; 354A.31, subdivisions 1, 3a; 354A.32, subdivision 1; 354A.35, subdivision 1; 354A.37, subdivisions 3, 4; 354A.39; 354A.41; 354B.21, subdivisions 2, 3a; 355.01, subdivision 2c; 356.215, subdivision 11; 356.24, subdivision 1; 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivision 2; 356.415, subdivision 1d; 356.42, subdivision 3; 356.465, subdivision 3; 356.47, subdivision 3; 356.635, subdivision 6; 356.99, subdivision 1; 356A.06, subdivisions 7, 7a; 424A.015, by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.05, subdivision 3; 424A.08; 424B.12; 490.121, subdivision 2a; Minnesota Statutes 2013 Supplement, sections 69.051, subdivisions 1a, 3; 352.01, subdivision 2a; 352.03, subdivision 4; 353.01, subdivisions 2a, 2b; 353.651, subdivision 4; 354.436; 354.44, subdivision 6; 354A.12, subdivisions 1, 2a, 3a, 3c; 354A.27, subdivision 6a; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision 8; 356.219, subdivision 8; 356.30, subdivision 3; 356.401, subdivision 3; 356.415, subdivisions 1a, 1c, 1e, 1f; 356.91; 363A.36, subdivision 1; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 424A.016, subdivision 6; 424A.02, subdivisions 3, 7; 424A.092, subdivision 6; 424A.093, subdivisions 2, 6; 424A.094, subdivision 2; 424A.10, subdivision 2; Laws 2009, chapter 169, article 5, section 2, as amended; article 6, section 1; proposing coding for new law in Minnesota Statutes, chapters 354; 354A; 356; repealing Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision 5; 352D.04, subdivision 1; 353D.05, subdivision 2; 354A.021, subdivision 5; 354A.108; 354A.24; 354A.27, subdivision 5; 356.415, subdivision 3; Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a, 7; 354A.31, subdivision 4a.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

RETIREMENT PLAN MEMBERSHIP INCLUSIONS AND EXCLUSIONS

Section 1. Minnesota Statutes 2013 Supplement, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;

(6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);

(7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;

(8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

(9) employees of the Minnesota Safety Council;

(10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

(11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;

(12) judges of the Tax Court;

(13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

(14) personnel who are employed as seasonal employees in the classified or unclassified service;

(15) persons who are employed by the Department of Commerce as a peace officer in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply;

(19) employees of the Minnesota Sports Facilities Authority; ~~and~~

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

(23) employees of the Gillette Children's Hospital Board who were employed in the state unclassified service at the former Gillette Children's Hospital on March 28, 1974; and

(24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** "State employee" does not include:

(1) persons who are:

(i) students who are employed by the University of Minnesota, or within the Minnesota State Colleges and Universities system, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, whichever is applicable applies;

(ii) employed as interns for a period not to exceed six months unless included under subdivision 2a, paragraph (a), clause (8);

(iii) employed as trainee employees unless included under subdivision 2a, paragraph (a), clause (8); or

(iv) employed in the student worker classification as designated by Minnesota Management and Budget;

(2) employees who are:

(i) eligible for membership in the state Teachers Retirement Association, except employees unless the person is an employee of the Department of Education who have chosen or may choose elected to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(ii) employees of the state who, in any year, were credited with 12 months of allowable service as a public school teacher and, as such, are members of a retirement plan governed by chapter 354 or 354A unless the employment is incidental employment as a state employee that is not covered by a retirement plan governed by chapter 354 or 354A;

(iii) employees of the state who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in an unclassified position that is listed in section 43A.08, subdivision 1, clause (9);

(iv) persons employed by the Board of Trustees of the Minnesota State Colleges and Universities who elected retirement coverage other than by the general state employees retirement plan of the Minnesota State Retirement System under Minnesota Statutes 1994, section 136C.75;

(v) officers or enlisted personnel in the National Guard or in the naval militia who are assigned to permanent peacetime duty and who are or are required to be members of a federal retirement system under federal law;

(vi) persons employed by the Department of Military Affairs as full-time firefighters and who, as such, are members of the public employees police and fire retirement plan;

(vii) members of the State Patrol retirement plan under section 352B.011, subdivision 10;

(viii) off-duty police officers while employed by the Metropolitan Council and persons employed as full-time police officers by the Metropolitan Council and who, as such, are members of the public employees police and fire retirement plan; and

(ix) employees of the state who have elected to transfer account balances derived from state service to the unclassified state employees retirement program under section 352D.02, subdivision 1d;

(3) employees of the University of Minnesota who are excluded from coverage by action of the Board of Regents;

~~(4) officers and enlisted personnel in the National Guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;~~

~~(5) (4) election officers judges and persons who are employed solely to administer elections;~~

~~(6) (5) persons who are:~~

~~(i) engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;~~

~~(7) officers and employees of the senate, or of the house of representatives, or of a legislative committee or commission who are temporarily employed;~~

(ii) employed to perform professional services where the service is incidental to the person's regular professional duties and where compensation is paid on a per diem basis; or

(iii) compensated on a fee payment basis or as an independent contractor;

(6) persons who are employed:

(i) on a temporary basis by the house of representatives, the senate, or a legislative commission or agency under the jurisdiction of the Legislative Coordinating Commission;

(ii) as a temporary employee on or after July 1 for a period ending on or before October 15 of that calendar year for the Minnesota State Agricultural Society or the Minnesota State Fair, or as an employee at any time for a special event held on the fairgrounds;

(iii) by the executive branch as a temporary employee in the classified service or as an executive branch temporary employee in the unclassified service if appointed for a definite period not to exceed six months, and if employment is less than six months, then in any 12-month period;

(iv) by the adjutant general if employed on an unlimited intermittent or temporary basis in the classified service or in the unclassified service for the support of Army or Air National Guard training facilities;

(v) by a state or federal program for training or rehabilitation as a temporary employee if employed for a limited period from an area of economic distress and if other than a skilled or

supervisory personnel position or other than a position that has civil service status covered by the retirement system; and

(vi) by the Metropolitan Council or a statutory board of the Metropolitan Council where the members of the board are appointed by the Metropolitan Council as a temporary employee if the appointment does not exceed six months;

~~(8) (7) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the Department of Labor and Industry;~~

~~(9) (8) patient and inmate help who perform services in state charitable, penal, and correctional institutions, including the a Minnesota Veterans Home;~~

~~(10) persons who are employed for professional services where the service is incidental to their regular professional duties and whose compensation is paid on a per diem basis;~~

~~(11) (9) employees of the Sibley House Association;~~

~~(10) persons who are:~~

~~(12) the (i) members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited from serving more than three years; and the board of managers of the State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;~~

~~(13) state troopers and persons who are described in section 352B.011, subdivision 10, clauses (2) to (8);~~

~~(14) temporary employees of the Minnesota State Fair who are employed on or after July 1 for a period not to extend beyond October 15 of that year; and persons who are employed at any time by the state fair administration for special events held on the fairgrounds;~~

(ii) examination monitors employed by a department, agency, commission, or board of the state to conduct examinations that are required by law; or

(iii) appointees serving as a member of a fact-finding commission or an adjustment panel, an arbitrator, or a labor referee under chapter 179;

~~(15) (11) emergency employees who are in the classified service; except that, but if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee must be considered a "state employee" retroactively to the beginning of the pay period;~~

~~(16) temporary employees in the classified service, and temporary employees in the unclassified service who are appointed for a definite period of not more than six months and who are employed less than six months in any one-year period;~~

~~(17) interns who are hired for six months or less and trainee employees, except those listed in subdivision 2a, clause (8);~~

~~(18) persons whose compensation is paid on a fee basis or as an independent contractor;~~

~~(19) state employees who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in unclassified positions enumerated in section 43A.08, subdivision 1, clause (9);~~

~~(20) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the Teachers Retirement Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for incidental employment as a state employee that is not covered by one of the teacher retirement associations or systems;~~

~~(21) employees of the adjutant general who are employed on an unlimited intermittent or temporary basis in the classified or unclassified service for the support of Army and Air National Guard training facilities;~~

~~(22) chaplains and nuns~~ (12) persons who are members of a religious order who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1986, as amended through December 31, 1992;

~~(23) examination monitors who are employed by departments, agencies, commissions, and boards to conduct examinations required by law;~~

~~(24) persons who are appointed to serve as members of fact-finding commissions or adjustment panels, arbitrators, or labor referees under chapter 179;~~

~~(25) temporary employees who are employed for limited periods under any state or federal program for training or rehabilitation, including persons who are employed for limited periods from areas of economic distress, but not including skilled and supervisory personnel and persons having civil service status covered by the system;~~

~~(26) full-time students who are employed by the Minnesota Historical Society intermittently during part of the year and full-time during the summer months;~~

~~(27) temporary employees who are appointed for not more than six months, of the Metropolitan Council and of any of its statutory boards, if the board members are appointed by the Metropolitan Council;~~

~~(28) persons who are employed in positions designated by the Department of Management and Budget as student workers;~~

~~(29)~~ (13) members of trades who are employed by the successor to the Metropolitan Waste Control Commission, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

~~(30) off-duty peace officers while employed by the Metropolitan Council;~~

~~(31) persons who are employed as full-time police officers by the Metropolitan Council and as police officers are members of the public employees police and fire fund;~~

~~(32) persons who are employed as full-time firefighters by the Department of Military Affairs and as firefighters are members of the public employees police and fire fund;~~

~~(33)~~ (14) foreign citizens who are employed under a work permit of less than three years; or under an H-1b/JV H-1b visa or a J-1 visa that is initially valid for less than three years of employment,

unless notice of a visa extension is ~~supplied~~ which allows them to work for three or more years as of the date that the extension is granted and is supplied to the retirement plan, in which case they are the person is eligible for coverage from the date ~~extended~~ of the extension; and

~~(34) persons who are employed by the Board of Trustees of the Minnesota State Colleges and Universities and who elected to remain members of the Public Employees Retirement Association or of the MERF division of the Public Employees Retirement Association as the successor of the Minneapolis Employees Retirement Fund, whichever applies, under Minnesota Statutes 1994, section 136C.75; and~~

~~(35) employees who have elected to transfer service to the unclassified program under section 352D.02, subdivision 1d.~~

(15) reemployed annuitants of the general state employees retirement plan, the military affairs personnel retirement plan, the transportation department pilots retirement plan, the state fire marshal employees retirement plan, or the correctional state employees retirement plan during the course of that reemployment.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose annual salary exceeds \$425 in any month from one governmental subdivision is stipulated in advance to exceed \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b; ~~and~~

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b; and

(9) employees of the Public Employees Retirement Association.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If in any subsequent year the annual salary of an included public employee is less than \$425 in any subsequent month the minimum salary threshold specified in this subdivision, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

EFFECTIVE DATE. The amendments to paragraphs (b) and (d) are effective the day following final enactment. The amendments to paragraphs (a) and (c) are effective January 1, 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;

(3) ~~election officers or election judges~~ and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are ~~hired for~~ employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, the Duluth Teachers Retirement Fund Association, ~~and or the St. Paul Teachers Retirement Fund Association;~~ but this clause exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time; and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended ~~through January 1, 1987,~~ if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) ~~employees of~~ persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

~~(10)~~ (ii) employed as resident physicians, medical interns, and pharmacist residents and, or pharmacist interns who and are serving in a degree or residency program in a public hospitals hospital or clinics in a public clinic; or

~~(11)~~ (iii) students who are serving for up a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

~~(12)~~ (10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

~~(13)~~ (11) except for employees of Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit; or under an H-1b visa initially issued or extended for a combined period of less than three years of employment; but upon extension of the employment of the visa beyond the three-year period, the foreign citizens citizen must be reported for membership beginning on the first of the month thereafter provided following the extension if the monthly earnings threshold as provided under subdivision 2a is met;

~~(14)~~ (12) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

~~(15)~~ (13) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

~~(16)~~ (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

~~(17)~~ (15) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

~~(18)~~ (16) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 322 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

~~(19)~~ (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

~~(20)~~ (18) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

~~(21)~~ (19) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

~~(22)~~ (20) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

~~(23)~~ (21) independent contractors and the employees of independent contractors;

~~(24)~~ (22) reemployed annuitants of the association during the course of that reemployment; ~~and~~

~~(25)~~ (23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; ~~and~~

~~(24)~~ persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

EFFECTIVE DATE. This section is effective January 1, 2015, except paragraph (a), clause (24), which is effective retroactively from August 1, 1986.

Sec. 5. Minnesota Statutes 2012, section 353.27, is amended by adding a subdivision to read:

Subd. 10a. **Written disclosure of membership exclusion determination.** If the determination by the employer under section 353.01, subdivisions 2a and 2b, is to exclude a public employee from membership, the governmental subdivision shall provide the employee with a written notice of the exclusion on a form prescribed by the executive director. The notice must include the statutory basis for the exclusion and information about the employee's right to appeal the determination to the association under section 356.96. The employer must provide the exclusion notice to the employee within two weeks of the date of the determination and shall retain a copy in the person's personnel file.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 6. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of the state ~~located outside of the corporate limits of the city of Duluth or the city of St. Paul~~ other than in Independent School District No. 625 or in Independent School District No. 709, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, ~~but excluding the University of Minnesota~~, whether the position be a public office or an employment, ~~and not including the members or officers of any general governing or managing board or body~~;

(2) an employee of the Teachers Retirement Association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. ~~A person whose~~ where the teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. ~~If the person's teaching service comprises or, if less than 50 percent of the combined employment salary, the executive director must determine whether~~ determines all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person who renders part-time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(3) a person exempt from licensure under section 122A.30;

(4) annuitants of the teachers retirement plan who are employed after retirement by an employing unit that participates in the teachers retirement plan during the course of that reemployment;

(5) a person who is employed by the University of Minnesota;

(6) a member or an officer of any general governing or managing board or body of an employing unit that participates in the teachers retirement plan; or

(7) a person employed by Independent School District No. 625 or Independent School District No. 709 as a teacher as defined in section 354A.011, subdivision 27.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 7. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public school district, other than a charter school, located in the corporate limits of Duluth or St. Paul, as any of the following:

(1) a full-time employee in a position for which a valid license from the state Department of Education is required;

(2) an employee of the teachers retirement fund association located in the city of the first class;

(3) a part-time employee in a position for which a valid license from the state Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

(b) The term does not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by the Teachers Retirement Association or by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee who is exempt from licensure pursuant to section 122A.30;

(4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2;

(5) a teacher employed by a charter school, irrespective of the location of the school; ~~or~~

(6) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies; or

(7) a person who is receiving a retirement annuity from the Teachers Retirement Fund Association and is employed after retirement by the school district associated with the retirement fund association.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 8. Minnesota Statutes 2012, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit or in the individual employment contract between a city and a city manager, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

(i) to the state of Minnesota deferred compensation plan under section 352.965;

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

(12) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a; or

(14) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; or

(15) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment.

EFFECTIVE DATE. This section is effective retroactively from August 1, 1986.

Sec. 9. VALIDATION OF PAST RETIREMENT COVERAGE AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND REDEVELOPMENT AUTHORITY EMPLOYEES.

(a) Retirement coverage by the general employees plan of the Public Employees Retirement Association, allowable service credit, and salary credit for employees of the Stevens County Housing and Redevelopment Authority who were so employed after November 7, 1984, and were first so employed before May 1, 2014, who had monthly salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in any month of at least \$425 after June 30, 1988, who were not otherwise excluded under the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member deductions taken and transferred in a timely manner to the general employees retirement fund before the effective date of this section are hereby validated.

(b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, employee contributions deducted from employees of the Stevens County Housing and Redevelopment

Authority described in paragraph (a) before the effective date of this section and associated employer contributions are valid assets of the general employees retirement fund and are not subject to refund or adjustment for erroneous receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 2

RETIREMENT GOVERNING BOARD PROVISIONS

Section 1. Minnesota Statutes 2012, section 352.03, subdivision 1, is amended to read:

Subdivision 1. **Membership of board; election; term.** (a) The policy-making function of the system is vested in a board of 11 members known as the board of directors. This board shall consist of:

(1) three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters;

(2) four state employees elected by ~~state employees covered by the system~~ active members and former members eligible for a deferred annuity from the general state employees retirement plan, excluding employees in categories specifically authorized to designate or elect a member by this subdivision, and deferred annuitants for whom a board member is designated;

(3) one employee of the Metropolitan Council's transit operations or its successor agency designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division;

(4) one employee who is a member of the State Patrol retirement fund plan elected by active members of and former members eligible for a deferred annuity from that fund at a time and in a manner fixed by the board, plan;

(5) one employee ~~covered by~~ who is a member of the correctional state employees retirement plan established under this chapter elected by ~~employees covered by~~ active members and former members eligible for a deferred annuity from that plan; and

(6) one retired employee of a plan included in the system, elected by disabled and retired employees of ~~all the plans administered by the system at a time and in a manner to be fixed determined by the board.~~

(b) The terms of the four elected state employees under paragraph (a), clause (2), must be staggered, with two of the state employee members board positions elected each biennium, whose terms of office begin on the first Monday in May after their election, ~~must be elected biennially.~~ Elected members and the appointed member of the Metropolitan Council's transit operations hold office for a term of four years and until their successors are elected or appointed, and have qualified.

(c) An employee or former employee of the system is not eligible for membership on the board of directors. A state employee on leave of absence is not eligible for election or reelection to membership on the board of directors.

(d) The term of any board member who is on leave for more than six months automatically ends on expiration of the term of office.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 352.03, is amended by adding a subdivision to read:

Subd. 1b. **Membership voting limitations.** Active members and former members eligible for a deferred annuity from a plan under this chapter or chapter 352B are eligible to vote in board elections as further specified and restricted in this section. Retired members and disabilitants from a plan in the system may vote only for the retired member position under subdivision 1, paragraph (a), clause (6). If a former member eligible for a deferred annuity from a plan under this chapter or chapter 352B is a deferred annuitant from more than one plan covered by the system, that person is eligible to vote only in elections applicable for deferred annuitants from the plan in the system from which the person last received allowable service. If a person is an active member of a plan in the system and is a deferred annuitant or a retiree from another plan or plans in the system, the person is only eligible to vote in board elections applicable due to the active member plan membership. If a person is a deferred annuitant from a plan in the system and is also a retiree from another plan in the system, the person is only eligible to vote in elections applicable due to the retiree status.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 3

RETIREMENT PLAN CONTRIBUTION RATE CHANGES

Section 1. Minnesota Statutes 2012, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to the following percent of salary:

before July 1, 2007	4.00
from July 1, 2007, to June 30, 2008	4.25
from July 1, 2008, to June 30, 2009	4.50
from July 1, 2009, to June 30, 2010	4.75
from July 1, 2010, and thereafter <u>to June 30, 2014</u>	5.00:
<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

EFFECTIVE DATE. This section is effective on the first day of the first full pay period beginning after July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 352.04, subdivision 3, is amended to read:

Subd. 3. **Employer contributions.** The employer contribution to the fund must be equal to the following percent of salary:

before July 1, 2007	4.00
from July 1, 2007, to June 30, 2008	4.25

from July 1, 2008, to June 30, 2009	4.50
from July 1, 2009, to June 30, 2010	4.75
from July 1, 2010, and thereafter to June 30, 2014	5.00:
from July 1, 2014, and thereafter	<u>5.50.</u>

EFFECTIVE DATE. This section is effective on the first day of the first full pay period beginning after July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 352.92, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) Employee contributions of covered correctional employees must be in an amount equal to the following percent of salary:

before July 1, 2007	5.69
from July 1, 2007, to June 30, 2008	6.40
from July 1, 2008, to June 30, 2009	7.00
from July 1, 2009, to June 30, 2010	7.70
from July 1, 2010, and thereafter to June 30, 2014	8.60:
from July 1, 2014, and thereafter	<u>9.10.</u>

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

EFFECTIVE DATE. This section is effective on the first day of the first full pay period beginning after July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 352.92, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** The employer shall contribute for covered correctional employees an amount equal to the following percent of salary:

before July 1, 2007	7.98
from July 1, 2007, to June 30, 2008	9.10
from July 1, 2008, to June 30, 2009	10.10
from July 1, 2009, to June 30, 2010	11.10
from July 1, 2010, and thereafter to June 30, 2014	12.10:
from July 1, 2014, and thereafter	<u>12.85.</u>

EFFECTIVE DATE. This section is effective on the first day of the first full pay period beginning after July 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 2, is amended to read:

Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is 9.10 percent of salary. For a coordinated member of the general employees

retirement plan of the Public Employees Retirement Association, the employee contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective before January 1, 2011	6.00
Effective after December 31, 2010	6.25
<u>Effective January 1, 2015</u>	<u>6.50.</u>

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 353.27, subdivision 3, is amended to read:

Subd. 3. **General employees retirement plan; employer contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective before January 1, 2011	6.00
Effective after December 31, 2010	6.25
<u>Effective January 1, 2015</u>	<u>6.50.</u>

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2012, section 353.27, subdivision 3b, is amended to read:

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the

retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:

(1) if, ~~on or after July 1, 2010~~, the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or

(2) if, ~~on or after July 1, 2010~~, the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) If the actuarially required contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.

(d) If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:

(1) less than two percent, the incremental increase may be up to 0.25 percent for the general employees retirement plan employee and matching employer contribution rates;

(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent for the employee and matching employer contribution rates; or

(3) greater than four percent, the incremental increase may be up to 0.75 percent for the employee and matching employer contribution.

(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division.

(f) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year for any salary paid on or after the January 1 next following receipt of the most recent actuarial valuation that gave rise to the adjustment the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' recommendation to adjust the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 4

JOINT AND SURVIVOR OPTIONAL ANNUITY COMPUTATION DISCOUNT RATE

Section 1. Minnesota Statutes 2012, section 3A.01, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one allowance or benefit having an equal actuarial present value to another allowance or benefit, determined by the actuary retained under section 356.214 as of a given date at a specified age with each actuarial present value based on the mortality table applicable for the plan and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used, rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 352.01, subdivision 12, is amended to read:

Subd. 12. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used, rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2013 Supplement, section 352.03, subdivision 4, is amended to read:

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

- (1) elect a chair;
- (2) appoint an executive director;
- (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;
- (4) consider and dispose of, or take any other action the board of directors deems appropriate concerning, denials of applications for annuities or disability benefits under this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;
- (5) oversee the administration of the deferred compensation plan established in section 352.965;
- (6) oversee the administration of the health care savings plan established in section; and
- (7) approve early retirement and optional annuity factors for all plans administered by the system, including approving retirement annuity factors for the unclassified state employees program under chapter 352D, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 352B.08, subdivision 3, is amended to read:

Subd. 3. **Optional annuity forms.** (a) In lieu of the single life annuity provided in subdivision 2, the member or former member may elect an optional annuity form. The board of the Minnesota state retirement system shall establish a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The board shall also

establish an additional optional annuity with an actuarial equivalent value of the single life annuity in the form of a joint and survivor annuity which provides that the elected annuity be reinstated to the single life annuity provided in subdivision 2, if after commencing the elected joint and survivor annuity, the designated beneficiary dies before the member, which reinstatement is not retroactive but takes effect for the first full month occurring after the death of the designated beneficiary. The board may also establish other actuarial equivalent value optional annuity forms. In establishing actuarial equivalent value optional annuity forms, each optional annuity form shall have the same present value as a regular single life annuity using the mortality table adopted by the board and the interest assumption specified in section 356.215, subdivision 8, ~~and~~.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used, rather than the postretirement interest rate specified in section 356.215, subdivision 8.

(c) The board shall obtain the written recommendation of the actuary retained under section 356.214. These recommendations shall be a part of the permanent records of the board.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 353.01, subdivision 14, is amended to read:

Subd. 14. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective on the same date as the next mortality assumption adjustment or on July 1, 2017, whichever is earlier.

Sec. 6. Minnesota Statutes 2012, section 353.30, subdivision 3, is amended to read:

Subd. 3. **Optional retirement annuity forms.** (a) The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5. In establishing those optional forms, the board shall obtain the written recommendation of the actuary retained under section 356.214. The recommendations shall be a part of the permanent records of the board. A member or former member may select an optional form of annuity, subject to the provisions of section 356.46, in lieu of accepting any other form of annuity which might otherwise be available.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective on the same date as the next mortality assumption adjustment or on July 1, 2017, whichever is earlier.

Sec. 7. Minnesota Statutes 2012, section 354.05, subdivision 7, is amended to read:

Subd. 7. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of trustees based on the experience of the association as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 8. **[356.461] VARIOUS RETIREMENT SYSTEMS; JOINT AND SURVIVOR ANNUITY COMPUTATION.**

Subdivision 1. **Joint and survivor annuity computation.** Notwithstanding any provision of section 356.215, subdivision 8, or 356.415 to the contrary, for purposes of computing joint and survivor annuities, the applicable postretirement interest assumption is 6.5 percent.

Subd. 2. **Covered plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the unclassified state employees retirement program of the Minnesota State Retirement System, established under chapter 352D;

(6) the judges retirement plan, established under chapter 490;

(7) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(8) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E; and

(10) the Teachers Retirement Association, established under chapter 354.

EFFECTIVE DATE. (a) For plans administered by the Minnesota State Retirement System and the Teachers Retirement Association, this section is effective July 1, 2014.

(b) For plans administered by the Public Employees Retirement Association, this section applies to the determination of joint and survivor factors implemented for the applicable Public Employees Retirement Association plan effective on the same date as the next mortality assumption adjustment or on July 1, 2017, whichever is earlier.

Sec. 9. Minnesota Statutes 2012, section 490.121, subdivision 2a, is amended to read:

Subd. 2a. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of directors of the Minnesota State Retirement System based on the experience of the fund as recommended by the actuary retained under section 356.214 and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the postretirement interest rate assumption specified in section 356.461 must be used, rather than the postretirement interest rate specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2014.

ARTICLE 5

MSRS-CORRECTIONAL RETIREMENT PLAN COVERAGE CHANGES

Section 1. Minnesota Statutes 2012, section 352.90, is amended to read:

352.90 POLICY.

It is the policy of the legislature to provide special retirement benefits for and special contributions by certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities ~~or~~ of patients ~~at~~ in the state-operated forensic services program, which is comprised of the Minnesota Security Hospital, the forensic nursing home, the forensic transition service, and the competency restoration program; or of patients in the Minnesota sex offender program~~;~~ or of patients in the Minnesota Specialty Health System-Cambridge.

Sec. 2. Minnesota Statutes 2012, section 352.91, subdivision 1, is amended to read:

Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service performed by a state employee, as defined in section 352.01, employed at a state correctional facility, the ~~Minnesota Security Hospital~~ state-operated forensic services program, or the Minnesota sex offender program as:

- (1) a corrections officer 1;
- (2) a corrections officer 2;
- (3) a corrections officer 3;
- (4) a corrections officer supervisor;
- (5) a corrections lieutenant;

- (6) a corrections captain;
- (7) a security counselor;
- (8) a security counselor lead; or
- (9) a corrections canine officer.

Sec. 3. Minnesota Statutes 2012, section 352.91, subdivision 2, is amended to read:

Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional service" also means service rendered at any time by state employees as maintenance personnel, correctional industry personnel, or members of trades certified by the commissioner of management and budget to the executive director as being engaged for at least 75 percent of the employee's working time in the rehabilitation, treatment, custody, or supervision of inmates at a Minnesota correctional facility, or of patients ~~at in the Minnesota Security Hospital~~ state-operated forensic services program or the Minnesota sex offender program.

Sec. 4. Minnesota Statutes 2012, section 352.91, subdivision 3c, is amended to read:

Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility ~~or at, in the Minnesota Security Hospital~~ state-operated forensic services program, or in the Minnesota sex offender program that are specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;
- (3) registered nurse - principal;
- (4) licensed practical nurse-2;
- (5) registered nurse advance practice; and
- (6) psychiatric advance practice registered nurse.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or ~~at in the Minnesota Security Hospital~~ state-operated forensic services program specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are:

- (1) automotive mechanic;
- (2) baker;

- (3) central services administrative specialist, intermediate;
- (4) central services administrative specialist, principal;
- (5) chaplain;
- (6) chief cook;
- (7) clinical program therapist 1;
- (8) clinical program therapist 2;
- (9) clinical program therapist 3;
- (10) clinical program therapist 4;
- (11) cook;
- (12) cook coordinator;
- (13) corrections inmate program coordinator;
- (14) corrections transitions program coordinator;
- (15) corrections security caseworker;
- (16) corrections security caseworker career;
- (17) corrections teaching assistant;
- (18) delivery van driver;
- (19) dentist;
- (20) electrician supervisor;
- (21) general maintenance worker lead;
- (22) general repair worker;
- (23) library/information research services specialist;
- (24) library/information research services specialist senior;
- (25) library technician;
- (26) painter lead;
- (27) plant maintenance engineer lead;
- (28) plumber supervisor;
- (29) psychologist 1;
- (30) psychologist 3;
- (31) recreation therapist;
- (32) recreation therapist coordinator;

- (33) recreation program assistant;
- (34) recreation therapist senior;
- (35) sports medicine specialist;
- (36) work therapy assistant;
- (37) work therapy program coordinator; and
- (38) work therapy technician.

Sec. 6. Minnesota Statutes 2012, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota Specialty Health System-Cambridge and if service in such a position is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;
- (6) human services support specialist;
- (7) residential program lead;
- (8) psychologist 2;
- (9) recreation program assistant;
- (10) recreation therapist senior;
- (11) registered nurse senior;
- (12) skills development specialist;
- (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

(c) A Department of Human Services employee who was employed at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014 conversion to the community-based homes and was in covered correctional service at the time of the transition shall continue to be covered by the correctional employee retirement plan while employed and without a break in service with the Department of Human Services in the direct care and treatment services administration.

Sec. 7. Minnesota Statutes 2012, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) ~~at in the Minnesota Security Hospital state-operated forensic services program or in the Minnesota sex offender program~~ if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 2;
- ~~(7)~~ (8) clinical program therapist 3;
- ~~(8)~~ (9) clinical program therapist 4;
- ~~(9)~~ (10) customer services specialist principal;
- ~~(10)~~ (11) dental assistant registered;
- ~~(11)~~ (12) group supervisor;
- ~~(12)~~ (13) group supervisor assistant;
- ~~(13)~~ (14) human services support specialist;
- ~~(14)~~ (15) licensed alcohol and drug counselor;
- ~~(15)~~ (16) licensed practical nurse-1;
- ~~(16)~~ (17) management analyst 3;
- ~~(17)~~ (18) occupational therapist;
- ~~(18)~~ (19) occupational therapist, senior;
- ~~(19)~~ (20) psychologist 1;
- ~~(20)~~ (21) psychologist 2;
- ~~(21)~~ (22) psychologist 3;
- ~~(22)~~ (23) recreation program assistant;
- ~~(23)~~ (24) recreation therapist lead;

- (24) (25) recreation therapist senior;
- (25) (26) rehabilitation counselor senior;
- (26) (27) security supervisor;
- (27) (28) skills development specialist;
- (28) (29) social worker senior;
- (29) (30) social worker specialist;
- (30) (31) social worker specialist, senior;
- (31) (32) special education program assistant;
- (32) (33) speech pathology clinician;
- (33) (34) work therapy assistant; and
- (34) (35) work therapy program coordinator.

Sec. 8. Minnesota Statutes 2012, section 352.91, is amended by adding a subdivision to read:

Subd. 3j. **State-operated forensic services program.** For purposes of this section, "state-operated forensic services program" means the Minnesota Security Hospital, the forensic nursing home, the forensic transition service, and the competency restoration program.

ARTICLE 6

TRA-DTRFA CONSOLIDATION

Section 1. Minnesota Statutes 2012, section 13.632, subdivision 1, is amended to read:

Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries and survivors of the St. Paul Teachers Retirement Fund Association ~~and the Duluth Teachers Retirement Fund Association~~ members are private data on individuals: home address, date of birth, direct deposit number, and tax withholding data.

Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 7a, is amended to read:

Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a person who is enrolled in and making satisfactory progress in a board-approved teacher program and who has successfully completed student teaching to be employed as a short-call substitute teacher.

(b) The Board of Teaching may issue a lifetime qualified short-call substitute teaching license to a person who:

(1) was a qualified teacher under section 122A.16 while holding a continuing five-year teaching license issued by the board, and receives a retirement annuity from the Teachers Retirement Association, ~~Minneapolis Teachers Retirement Fund Association, or the St. Paul Teachers Retirement Fund Association, or Duluth Teachers Retirement Fund Association;~~

(2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or

(3) held a continuing five-year license issued by the board, taught at least three school years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

A person holding a lifetime qualified short-call substitute teaching license is not required to complete continuing education clock hours. A person holding this license may reapply to the board for a continuing five-year license and must again complete continuing education clock hours one school year after receiving the continuing five-year license.

Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

- (1) persons whose salary from one governmental subdivision never exceeds \$425 in a month;
- (2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elective office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elective position;
- (3) election officers or election judges;
- (4) patient and inmate personnel who perform services for a governmental subdivision;
- (5) except as otherwise specified in subdivision 12a, employees who are hired for a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision;
- (6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;
- (7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, ~~the Duluth Teachers Retirement Fund Association~~, and the St. Paul Teachers Retirement Fund Association. This clause must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;
- (8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) employees of a governmental subdivision who have not reached the age of 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or a public or charter high school;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals or clinics;

(11) students who are serving for up to five years in an internship or residency program sponsored by a governmental subdivision, including an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) except for employees of Hennepin County or Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a work permit, or an H-1b visa initially issued or extended for a combined period less than three years of employment. Upon extension of the employment beyond the three-year period, the foreign citizens must be reported for membership beginning the first of the month thereafter provided the monthly earnings threshold as provided under subdivision 2a is met;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(17) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(18) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(20) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(21) employees who are hired after June 30, 2002, to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(22) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(23) independent contractors and the employees of independent contractors;

(24) reemployed annuitants of the association during the course of that reemployment; and

(25) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

Sec. 4. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of the state located outside of the corporate limits of ~~the city of Duluth~~ or the city of St. Paul, or in any charter school, irrespective of the location of the school, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, but excluding the University of Minnesota, whether the position be a public office or an employment, and not including the members or officers of any general governing or managing board or body;

(2) an employee of the Teachers Retirement Association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association; or

(4) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(2) a person who renders part-time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(3) a person exempt from licensure under section 122A.30.

Sec. 5. Minnesota Statutes 2012, section 354.05, subdivision 13, is amended to read:

Subd. 13. **Allowable service.** "Allowable service" means:

(1) any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611; ~~or;~~

(2) any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund ~~pursuant to~~ under Minnesota Statutes 1980, section 354.09 and section 354.51; ~~or;~~

(3) any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund; ~~or;~~

(4) any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53; ~~or;~~

(5) any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund ~~pursuant to~~ under Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3; ~~or~~;

(6) both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect; ~~or~~;

(7) any service rendered where contributions were made and no credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year; ~~or~~;

(8) MS 2002 [Expired]

(9) a period of time during which a teacher was on strike without pay, not to exceed a period of one year, if payment in lieu of salary deductions is made under section 354.72; ~~or~~;

(10) a period of service before July 1, 2006, that was properly credited as allowable service by the Minneapolis Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2006, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on or after July 1, 2006, is "allowable service" only as provided by this chapter; or

(11) a period of service before July 1, 2015, that was properly credited as allowable service by the Duluth Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Independent School District No. 709, Duluth, or by an employee of the Duluth Teachers Retirement Fund Association who was a member of the Duluth Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Duluth Teachers Retirement Fund Association calculated in whole or in part on that service before July 1, 2015, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable service" only as provided by this chapter.

Sec. 6. Minnesota Statutes 2012, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) ~~For a basic member,~~ The employee contribution to the fund is the following percentage of the member's salary:

<u>Period</u>	<u>Basic Program</u>	<u>Coordinated Program</u>
before July 1, 2011	9.0 percent	

from July 1, 2011, until June 30, 2012	9.5 percent	
from July 1, 2012, until June 30, 2013	10.0 percent	
from July 1, 2013, until June 30, 2014	10.5 percent	<u>7.0 percent</u>
after June 30, 2014	11.0 percent	<u>7.5 percent</u>

(b) For a coordinated member, the employee contribution is the following percentage of the member's salary:

before July 1, 2011	5.5 percent
from July 1, 2011, until June 30, 2012	6.0 percent
from July 1, 2012, until June 30, 2013	6.5 percent
from July 1, 2013, until June 30, 2014	7.0 percent
after June 30, 2014	7.5 percent

(e) (b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(d) (c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

(e) (d) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 7. Minnesota Statutes 2012, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable following percentage of salary of each basic member: specified in paragraph (c).

Period	Coordinated Member	Basic Member
before July 1, 2011	5.5 percent	9.5 percent
from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
after June 30, 2014	7.5 percent	11.5 percent

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(b) (c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
before July 1, 2011	5.5 percent	9.5 percent
from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
after June 30, 2014	7.5 percent	11.5 percent

(e) (d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(f) (e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b), and (c) must be adjusted accordingly.

Sec. 8. Minnesota Statutes 2013 Supplement, section 354.436, is amended to read:

354.436 DIRECT STATE AID ON BEHALF OF THE FORMER MINNEAPOLIS FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATION ASSOCIATIONS.

Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund Association and in fiscal year 2017 and later shall pay \$14,377,000 on behalf of the Duluth Teachers Retirement Fund Association.

Subd. 2. **Aid appropriation.** The commissioner of management and budget shall pay the aid amounts under subdivision 1 annually on October 1. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

Subd. 3. **Aid expiration.** The aid amounts specified in this section terminates terminate and this section expires on the October 1 next following the later of the following dates: (1) when the current assets of the Teachers Retirement Association fund equal or exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial valuation report for the Teachers Retirement Association fund by the actuary retained under section 356.214, or on the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier; or (2) when the member and employer contribution rates are first determined to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.

Sec. 9. Minnesota Statutes 2013 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher

annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

<u>Period</u>	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

<u>Period</u>	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member

who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) After June 30, 2020, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d). For a person who is at least age 62 or older and has at least 30 years of service, the annuity must be reduced by an early reduction factor of six percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006. For a person who is not at least age 62 or older and does not have at least 30 years of service, the annuity would be reduced by an early reduction factor of four percent per year for ages 55 through 59 and seven percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006.

(g) After June 30, 2015, and before July 1, 2020, for a person who would have a reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the employee is entitled to receive a reduced annuity which must be calculated using a blended reduction factor augmented

monthly by 1/60 of the difference between the reduction required under paragraph (e) and the reduction required under paragraph (f).

(h) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 10. [354.73] RETIREMENT COVERAGE RELATED TO THE FORMER DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.

Subdivision 1. **Application.** This section applies to the retirement coverage of members of the former Duluth Teachers Retirement Fund Association transferred to the Teachers Retirement Association by section 46.

Subd. 2. **Teachers Retirement Association as successor in interest.** The Teachers Retirement Association is the successor in interest to all claims which the former Duluth Teachers Retirement Fund Association may have or may have been able to assert against any person on June 30, 2015, and is the successor in interest to all claims which could have been asserted against the former Duluth Teachers Retirement Fund Association, subject to the following:

(1) the Teachers Retirement Association is not liable for any claim against the Duluth Teachers Retirement Fund Association, its former board or board members, which is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the claimed breach were not done in good faith;

(2) the Teachers Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Duluth Teachers Retirement Fund Association or its board would otherwise have been entitled to assert;

(3) the Teachers Retirement Association may assert any applicable defense that it may assert in its capacity as a statewide agency; and

(4) the Teachers Retirement Association shall indemnify any former fiduciary of the Duluth Teachers Retirement Fund Association consistent with section 356A.11.

Subd. 3. **Benefit calculation.** (a) For every deferred, inactive, disabled, and retired member of the Duluth Teachers Retirement Fund Association transferred under subdivision 1, and the survivors of these members, annuities or benefits earned before July 1, 2015, other than future postretirement adjustments, must be calculated and paid by the Teachers Retirement Association under the laws, articles of incorporation, and bylaws of the former Duluth Teachers Retirement Fund Association that were in effect relative to the person on the date of the person's termination of active service covered by the former Duluth Teachers Retirement Fund Association.

(b) Former Duluth Teachers Retirement Fund Association members who retired before July 1, 2015, must receive postretirement adjustments after January 1, 2015, only as provided in section 356.415. All other benefit recipients of the former Duluth Teachers Retirement Fund Association must receive postretirement adjustments after December 31, 2015, only as provided in section 356.415.

(c) This consolidation does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred, or retired member under the former Duluth Teachers Retirement Fund Association in existence at the time of the consolidation, except that any future postretirement adjustments must be paid after July 1, 2015, in accordance with paragraph (b), and all benefits based on service on or after July 1, 2015, must be determined only by laws governing the Teachers Retirement Association.

Sec. 11. Minnesota Statutes 2012, section 354A.011, subdivision 11, is amended to read:

Subd. 11. **Coordinated member.** "Coordinated member" means any member of the teachers retirement fund association who is covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to certain teachers ~~except in the case of a member of the Duluth Teachers Retirement Fund Association, in which it means additionally that the member either first became a member prior to July 1, 1981, and elected to be covered by the new law coordinated program of the Duluth Teachers Retirement Fund Association or first became a member on or subsequent to July 1, 1981.~~

Sec. 12. Minnesota Statutes 2012, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund Association~~ or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund Association~~ after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a person who is a member of the basic program of the St. Paul Teachers Retirement Fund Association ~~or the old law coordinated program of the Duluth Teachers Retirement Fund Association~~, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the ~~respective~~ teachers retirement fund association.

Sec. 13. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public school district, other than a charter school, located in the corporate limits of ~~Duluth~~ or St. Paul, as any of the following:

(1) a full-time employee in a position for which a valid license from the state Department of Education is required;

(2) an employee of the teachers retirement fund association located in the city of ~~the first class~~ St. Paul;

(3) a part-time employee in a position for which a valid license from the state Department of Education is required; or

(4) a part-time employee in a position for which a valid license from the state Department of Education is required who also renders other nonteaching services for the school district, unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service may not be covered by the association.

(b) The term does not mean any person who renders service in the school district as any of the following:

- (1) an independent contractor or the employee of an independent contractor;
- (2) an employee who is a full-time teacher covered by the Teachers Retirement Association ~~or by another teachers retirement fund association established pursuant to this chapter or under chapter 354;~~
- (3) an employee who is exempt from licensure pursuant to section 122A.30;
- (4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the ~~applicable~~ first class city teacher retirement fund association under section 354B.21, subdivision 2;
- (5) a teacher employed by a charter school, irrespective of the location of the school; or
- (6) an employee who is a part-time teacher in a technical college in a ~~the~~ city of ~~the first class~~ St. Paul and who has elected coverage by the ~~applicable~~ first class city teacher retirement fund association under section 354B.21, subdivision 2, but (i) the teaching service is incidental to the regular nonteaching occupation of the person; (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 14. Minnesota Statutes 2012, section 354A.021, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established a teachers retirement fund association in ~~each of the cities~~ city of Duluth and St. Paul. The ~~associations shall be~~ association is known respectively as the "~~Duluth Teachers Retirement Fund Association~~" and the "St. Paul Teachers Retirement Fund Association." ~~Each~~ The association ~~shall be~~ is a continuation of the teachers retirement fund association with the same corporate name established ~~pursuant to~~ under the authorization contained in Laws 1909, chapter 343, section 1.

Sec. 15. [354A.022] AUTHORIZATION TO CERTIFY FUNDS TO STATE BOARD OF INVESTMENT.

Subdivision 1. Certification of funds to State Board of Investment. The chief administrative officer of the Duluth Teachers Retirement Fund Association, from time to time, may certify to the State Board of Investment those portions of the assets of the retirement plan that are not needed for administrative expenses or benefit payments. Assets certified to the State Board of Investment must be invested under sections 11A.14 and 11A.23. The chief administrative officer of the Duluth Teachers Retirement Fund Association may certify assets for withdrawal from the State Board of Investment only to make benefit payments or to pay administrative expenses or investment expenses of existing direct real estate holdings or assets that are noncompliant with State Board of Investment objectives or limitations.

Subd. 2. **Investment of certified funds.** Assets certified to the State Board of Investment are deemed to be from a covered retirement fund required to be invested by the State Board of Investment under section 11A.23.

Subd. 3. **Expiration.** This section expires June 30, 2015, if the consolidation provisions receive the local approvals in section 49 and all other requirements of section 49 are met.

Sec. 16. Minnesota Statutes 2012, section 354A.092, is amended to read:

354A.092 SABBATICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association~~ who is granted a sabbatical leave ~~shall be~~ is entitled to receive allowable service credit in the ~~applicable~~ association for periods of sabbatical leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee contribution to the ~~applicable~~ association. No teacher ~~shall be~~ is entitled to receive more than three years of allowable service credit ~~pursuant to under this section~~ for a period or periods of sabbatical leave during any ten consecutive ~~fiscal or calendar years, whichever is the applicable plan year for the teachers retirement fund association.~~ If the teacher granted a sabbatical leave makes the employee contribution for a period of sabbatical leave ~~pursuant to under this section~~, the employing unit shall make an employer contribution on behalf of the teacher to the ~~applicable~~ association for that period of sabbatical leave in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions ~~shall~~ must be in an amount equal to the employee and employer contribution rates in effect for other active members of the association covered by the same program applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period. Payment of the employee contribution authorized ~~pursuant to under this section~~ shall must be made by the teacher on or before June 30 of year next following the year in which the sabbatical leave terminated and ~~shall~~ must be made without interest. For sabbatical leaves taken after June 30, 1986, the required employer contributions ~~shall~~ must be paid by the employing unit within 30 days after notification by the association of the amount due. If the employee contributions for the sabbatical leave period are less than an amount equal to the applicable contribution rate applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the sabbatical leave period, service credit ~~shall~~ must be prorated. The prorated service credit ~~shall~~ must be determined by the ratio between the amount of the actual payment which was made and the full contribution amount payable ~~pursuant to under this section~~.

Sec. 17. Minnesota Statutes 2012, section 354A.093, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program of the Duluth Teachers Retirement Fund Association~~ who is absent from employment by reason of service in the uniformed services as defined in United States Code, title 38, section 4303(13) and who returns to the employer providing active teaching service upon discharge from uniformed service within the time frames required under United States Code, title 38, section 4312(e), may receive allowable service credit in the ~~applicable~~ association for all or a portion of the period of uniformed service, provided that the teacher did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Sec. 18. Minnesota Statutes 2012, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund Association~~ who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus annual interest at the rate of 8.5 percent per year from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 19. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member of a ~~the St. Paul Teachers Retirement Fund Association~~ is the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	
before July 1, 2013	6.5 percent
effective July 1, 2013	7.0 percent
effective July 1, 2014	7.5 percent
St. Paul Teachers Retirement Fund Association	
basic program after June 30, 2012	8.5 percent
basic program after June 30, 2013	8.75 percent
basic program after June 30, 2014	9.0 percent
basic program after June 30, 2015	9.5 percent
basic program after June 30, 2016	10.0 percent
coordinated program after June 30, 2012	6.0 percent

coordinated program after June 30, 2013	6.25 percent
coordinated program after June 30, 2014	6.5 percent
coordinated program after June 30, 2015	7.0 percent
coordinated program after June 30, 2016	7.5 percent

(b) Contributions ~~shall~~ must be made by deduction from salary and must be remitted directly to the respective St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 20. Minnesota Statutes 2012, section 354A.12, subdivision 2, is amended to read:

Subd. 2. **Retirement contribution levy disallowed.** Except as provided in section 423A.02, subdivision 3, with respect to Independent School District No. 625, notwithstanding any law to the contrary, levies for the St. Paul Teachers Retirement Fund associations in the cities of Duluth and St. Paul Association, including levies for any employer Social Security taxes for teachers covered by the ~~Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association~~, are disallowed.

Sec. 21. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund associations association:

(1) for any coordinated member of ~~one of the following~~ St. Paul Teachers Retirement Fund associations in a city of the first class Association, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

~~Duluth Teachers Retirement Fund Association~~

before July 1, 2013	6.79 percent
effective July 1, 2013	7.29 percent
effective July 1, 2014	7.50 percent

~~St. Paul Teachers Retirement Fund Association~~

after June 30, 2012	5.0 percent
after June 30, 2013	5.25 percent
after June 30, 2014	5.5 percent
after June 30, 2015	6.0 percent
after June 30, 2016	6.25 percent
after June 30, 2017	6.5 percent

(2) for any basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

after June 30, 2012	8.5 percent of salary
after June 30, 2013	8.75 percent of salary
after June 30, 2014	9.0 percent of salary
after June 30, 2015	9.5 percent of salary
after June 30, 2016	9.75 percent of salary
after June 30, 2017	10.0 percent of salary

(3) for a basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage 3.84 percent of the coordinated member's salary, as provided below:

St. Paul Teachers Retirement Fund Association	3.84 percent
---	--------------

(b) The regular and additional employer contributions must be remitted directly to the respective St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 22. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Special direct state aid to first class city teachers retirement fund associations.**
 (a) The state shall pay \$346,000 as special direct state aid to the ~~Duluth Teachers Retirement Fund Association~~ and \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) The ~~aids aid~~ under this subdivision ~~are~~ is payable October 1 annually. The commissioner of management and budget shall pay the ~~aids aid~~ specified in this subdivision. The ~~amounts amount~~ required ~~are~~ is appropriated annually from the general fund to the commissioner of management and budget.

Sec. 23. Minnesota Statutes 2012, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the ~~Duluth Teachers Retirement Fund Association~~ or of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the Independent School District in

~~which the teachers retirement fund association exists~~ No. 625, who is vested and who has either attained the age of at least 55 years or received credit for not less than 30 years of allowable service regardless of age, ~~shall be~~ is entitled upon written application to a retirement annuity.

Sec. 24. Minnesota Statutes 2012, section 354A.32, subdivision 1, is amended to read:

Subdivision 1. **Optional forms generally.** The board of the St. Paul Teachers Retirement Fund Association shall establish for the coordinated program ~~and the board of the Duluth Teachers Retirement Fund Association shall establish for the new law coordinated program~~ an optional retirement annuity which ~~shall~~ must take the form of a joint and survivor annuity. ~~Each~~ The board may also, in its discretion, ~~establish~~ establish an optional annuity which ~~shall~~ may take the form of an annuity payable for a period certain and for life thereafter. ~~Each~~ The board shall also establish an optional retirement annuity that guarantees payment of the balance of the annuity recipient's accumulated deductions to a designated beneficiary upon the death of the annuity recipient. Except as provided in subdivision 1a, ~~the optional annuity forms shall~~ must be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional annuity forms, the board shall obtain the written recommendation of the actuary retained under section 356.214. The recommendation ~~shall~~ must be a part of the permanent records of the board.

Sec. 25. Minnesota Statutes 2012, section 354A.35, subdivision 1, is amended to read:

Subdivision 1. **Death before retirement; refund.** If a coordinated member or former coordinated member dies ~~prior to~~ before retirement or ~~prior to~~ before the receipt of any retirement annuity or other benefit payment which is or may be payable and a surviving spouse optional annuity is not payable ~~pursuant to~~ under subdivision 2, a refund ~~shall~~ must be paid to the person's surviving spouse, or if there is none, to the person's designated beneficiary, or if there is none, to the legal representative of the person's estate. For a coordinated member or former coordinated member of the St. Paul Teachers Retirement Fund Association, the refund ~~shall~~ must be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually. ~~For a coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount equal to the person's accumulated employee contributions plus interest at the rate of six percent per annum compounded annually to July 1, 2010, and four percent per annum compounded annually thereafter.~~

Sec. 26. Minnesota Statutes 2012, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies for a refund under subdivision 1 ~~shall~~ is entitled to receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually to July 1, 2010, ~~if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association,~~ and four percent per annum compounded annually thereafter.

Sec. 27. Minnesota Statutes 2012, section 354A.37, subdivision 4, is amended to read:

Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member who has attained the normal retirement age with less than ten years of allowable service credit and has terminated active teaching service ~~shall be~~ is entitled to a refund in lieu of a proportionate annuity under section 356.32. The refund must be equal to the coordinated member's accumulated employee contributions

plus interest at the rate of six percent compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

Sec. 28. Minnesota Statutes 2012, section 354A.39, is amended to read:

354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, ~~the Duluth Teachers Retirement Fund Association new law coordinated program~~, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police officers or firefighters, is entitled, when qualified, to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association must be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association does not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.

Sec. 29. Minnesota Statutes 2012, section 354A.41, is amended to read:

354A.41 ADMINISTRATION OF COORDINATED PROGRAM.

Subdivision 1. **Administrative provisions.** The provisions of the articles of incorporation and bylaws of the St. Paul Teachers Retirement Fund Association relating to the administration of the fund shall govern the administration of the coordinated and basic programs ~~and the provisions of the articles of incorporation and bylaws of the Duluth Teachers Retirement Fund Association relating to the administration of the fund shall govern the administration of the new law coordinated program~~ in instances where the administrative provisions are not inconsistent with ~~the provisions of sections 354A.31 to 354A.41, including but not limited to provisions relating to the composition and function of the board of trustees, the investment of assets of the St. Paul Teachers Retirement Fund Association, and the definition of the plan year.~~ The administrative provisions in the articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund Association pertaining to the granting of pension benefits of the basic and coordinated programs are no longer in effect after June 30, 2006, and the administrative provisions of the Duluth Teachers Retirement Fund Association pertaining to retirement benefits of the old law coordinated program are no longer in effect after June 30, 2015.

Subd. 2. **Actuarial valuations.** In any actuarial valuation of the St. Paul Teachers Retirement Fund Association, ~~or the Duluth Teachers Retirement Fund Association~~ under section 356.215 prepared by the actuary retained under section 356.214 or supplemental actuarial valuation

prepared by an approved actuary retained by the St. Paul Teachers Retirement Fund Association, there ~~shall~~ must be included a finding of the condition of the fund showing separately the basic and coordinated programs ~~or the old law coordinated and new law coordinated programs, as appropriate.~~ The finding ~~shall~~ must include the level normal cost and the applicable employee and employer contribution rates for each program.

Sec. 30. Minnesota Statutes 2012, section 354B.21, subdivision 3a, is amended to read:

Subd. 3a. **Plan coverage and election; certain past service technical college faculty.** (a) Notwithstanding subdivision 3, if an employee of the board was employed in a faculty position in a technical college on June 30, 1997, with coverage by the Teachers Retirement Association, the employee retains that coverage. If the employee was a technical college faculty member on June 30, 1995, covered by a first class city teacher retirement fund established under chapter 354A, the retirement coverage continues with the ~~Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association,~~ whichever is applicable. If the person was a technical college faculty member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund Association or the former Duluth Teachers Retirement Fund Association, the Teachers Retirement Association shall provide coverage.

(b) An employee under paragraph (a) who has coverage by ~~a first class city teacher~~ the St. Paul Teachers Retirement Fund Association retains that coverage for the duration of the person's employment by the board unless, within one year of a change in employment within the Minnesota State Colleges and Universities system, the person elects the individual retirement account plan for all future employment by the board. The election is irrevocable.

Sec. 31. Minnesota Statutes 2012, section 355.01, subdivision 2c, is amended to read:

Subd. 2c. **Duluth teacher.** "Duluth teacher" means a person employed by Independent School District No. 709, Duluth, who holds a position covered by the ~~Duluth Teachers Retirement Fund Association established under chapter 354A~~ section 354.73 and section 46.

Sec. 32. Minnesota Statutes 2013 Supplement, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- ~~(6) the Duluth Teachers Retirement Fund Association;~~
- ~~(7)~~ (6) the University of Minnesota faculty retirement plan;
- ~~(8)~~ (7) the University of Minnesota faculty supplemental retirement plan;
- ~~(9)~~ (8) the judges retirement fund;
- ~~(10)~~ (9) the Bloomington Fire Department Relief Association;

(H) (10) a volunteer firefighter relief association governed by section 424A.091;

(H) (11) the public employees police and fire plan of the Public Employees Retirement Association;

(H) (12) the correctional state employees retirement plan of the Minnesota State Retirement System;

(H) (13) the local government correctional service retirement plan of the Public Employees Retirement Association; and

(H) (14) the voluntary statewide lump-sum volunteer firefighter retirement plan.

Sec. 33. Minnesota Statutes 2013 Supplement, section 356.214, subdivision 1, is amended to read:

Subdivision 1. **Actuary retention.** (a) The governing board or managing or administrative official of each public pension plan and retirement fund or plan enumerated in paragraph (b) shall contract with an established actuarial consulting firm to conduct annual actuarial valuations and related services. The principal from the actuarial consulting firm on the contract must be an approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) Actuarial services must include the preparation of actuarial valuations and related actuarial work for the following retirement plans:

(1) the teachers retirement plan, Teachers Retirement Association;

(2) the general state employees retirement plan, Minnesota State Retirement System;

(3) the correctional employees retirement plan, Minnesota State Retirement System;

(4) the State Patrol retirement plan, Minnesota State Retirement System;

(5) the judges retirement plan, Minnesota State Retirement System;

(6) the general employees retirement plan, Public Employees Retirement Association, including the MERF division;

(7) the public employees police and fire plan, Public Employees Retirement Association;

~~(8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund Association;~~

~~(9) (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund Association;~~

(H) (9) the legislators retirement plan, Minnesota State Retirement System; and

(H) (10) the local government correctional service retirement plan, Public Employees Retirement Association.

(c) The actuarial valuation for the legislators retirement plan must include a separate calculation of total plan actuarial accrued liabilities due to constitutional officer coverage under section 3A.17.

(d) The contracts must require completion of the annual actuarial valuation calculations on a fiscal year basis, with the contents of the actuarial valuation calculations as specified in section 356.215, and in conformity with the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

The contracts must require completion of annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by the commission. The experience data collection, processing, and analysis must evaluate the following:

- (1) individual salary progression;
- (2) the rate of return on investments based on the current asset value;
- (3) payroll growth;
- (4) mortality;
- (5) retirement age;
- (6) withdrawal; and
- (7) disablement.

(e) The actuary shall annually prepare a report to the governing or managing board or administrative official and the legislature, summarizing the results of the actuarial valuation calculations. The actuary shall include with the report any recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement plans by the required funding dates. The actuary shall, as part of the quadrennial experience study, include recommendations on the appropriateness of the actuarial valuation assumptions required for evaluation in the study.

(f) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, the governing or managing board or administrative official shall direct the actuary to prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), ~~or (11)~~; in the manner provided for in the standards for actuarial work adopted by the commission.

Sec. 34. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

- (1) select and ultimate interest rate assumption

plan	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0.0	0.0

judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5

Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the ~~Duluth teachers retirement plan~~ and the St. Paul teachers retirement plan, each with a select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, of 8.0 percent.

(2) single rate preretirement and postretirement interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6.0
local monthly benefit volunteer firefighters relief associations	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	3.0
Bloomington Fire Department Relief Association	4.0

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption <u>C</u> <u>B</u>
Duluth teachers retirement plan	assumption <u>A</u>

St. Paul teachers retirement plan

assumption B A

For plans other than the ~~Duluth~~ St. Paul teachers retirement plan and the local government correctional service retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the ~~Duluth Teachers Retirement Fund Association~~ and for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association. ~~The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.~~

The ultimate future salary increase assumption is:

age	<u>A</u>	<u>B A</u>	<u>C B</u>
16	6.00%	5.90%	9.00%
17	6.00	5.90	9.00
18	6.00	5.90	9.00
19	6.00	5.90	9.00
20	6.00	5.90	9.00
21	6.00	5.90	8.75
22	6.00	5.90	8.50
23	6.00	5.85	8.25
24	6.00	5.80	8.00
25	6.00	5.75	7.75
26	6.00	5.70	7.50
27	6.00	5.65	7.25
28	6.00	5.60	7.00
29	6.00	5.55	6.75
30	6.00	5.50	6.75
31	6.00	5.45	6.50
32	6.00	5.40	6.50
33	6.00	5.35	6.50
34	6.00	5.30	6.25
35	6.00	5.25	6.25
36	5.86	5.20	6.00
37	5.73	5.15	6.00

38	5.59	5.10	6.00
39	5.45	5.05	5.75
40	5.31	5.00	5.75
41	5.18	4.95	5.75
42	5.04	4.90	5.50
43	4.90	4.85	5.25
44	4.76	4.80	5.25
45	4.63	4.75	5.00
46	4.49	4.70	5.00
47	4.35	4.65	5.00
48	4.21	4.60	5.00
49	4.08	4.55	5.00
50	3.94	4.50	5.00
51	3.80	4.45	5.00
52	3.66	4.40	5.00
53	3.53	4.35	5.00
54	3.39	4.30	5.00
55	3.25	4.25	4.75
56	3.25	4.20	4.75
57	3.25	4.15	4.50
58	3.25	4.10	4.25
59	3.25	4.05	4.25
60	3.25	4.00	4.25
61	3.25	4.00	4.25
62	3.25	4.00	4.25
63	3.25	4.00	4.25
64	3.25	4.00	4.25
65	3.25	4.00	4.00
66	3.25	4.00	4.00
67	3.25	4.00	4.00
68	3.25	4.00	4.00
69	3.25	4.00	4.00
70	3.25	4.00	4.00

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
2	8.10	8.90	9.00	11.00	7.50	5.85
3	6.90	7.46	8.00	9.00	7.00	5.70
4	6.20	6.58	7.50	8.00	6.75	5.55
5	5.70	5.97	7.25	6.50	6.50	5.40
6	5.30	5.52	7.00	6.10	6.25	5.25
7	5.00	5.16	6.85	5.80	6.00	5.10
8	4.70	4.87	6.70	5.60	5.85	4.95
9	4.50	4.63	6.55	5.40	5.70	4.80
10	4.40	4.42	6.40	5.30	5.55	4.65
11	4.20	4.24	6.25	5.20	5.40	4.55
12	4.10	4.08	6.00	5.10	5.25	4.45
13	4.00	3.94	5.75	5.00	5.10	4.35
14	3.80	3.82	5.50	4.90	4.95	4.25
15	3.70	3.70	5.25	4.80	4.80	4.15
16	3.60	3.60	5.00	4.80	4.65	4.05
17	3.50	3.51	4.75	4.80	4.50	3.95
18	3.50	3.50	4.50	4.80	4.35	3.85
19	3.50	3.50	4.25	4.80	4.20	3.75
20	3.50	3.50	4.00	4.80	4.05	3.75
21	3.50	3.50	3.90	4.70	4.00	3.75
22	3.50	3.50	3.80	4.60	4.00	3.75
23	3.50	3.50	3.70	4.50	4.00	3.75

8392	JOURNAL OF THE SENATE					[92ND DAY
24	3.50	3.50	3.60	4.50	4.00	3.75
25	3.50	3.50	3.50	4.50	4.00	3.75
26	3.50	3.50	3.50	4.50	4.00	3.75
27	3.50	3.50	3.50	4.50	4.00	3.75
28	3.50	3.50	3.50	4.50	4.00	3.75
29	3.50	3.50	3.50	4.50	4.00	3.75
30 or more	3.50	3.50	3.50	4.50	4.00	3.75

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
Duluth teachers retirement plan	3.50
St. Paul teachers retirement plan	4.00

(d) The assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

Sec. 35. Minnesota Statutes 2013 Supplement, section 356.219, subdivision 8, is amended to read:

Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association and the volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as

applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

(b) For the St. Paul Teachers Retirement Fund Association, ~~the Duluth Teachers Retirement Fund Association,~~ and the University of Minnesota faculty supplemental retirement plan, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), ~~must~~ shall report information required under this section by September 1 of each year.

Sec. 36. Minnesota Statutes 2013 Supplement, section 356.30, subdivision 3, is amended to read:

Subd. 3. **Covered plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the unclassified employees retirement program, established under chapter 352D;

(4) the State Patrol retirement plan, established under chapter 352B;

(5) the legislators retirement plan, established under chapter 3A, including constitutional officers as specified in that chapter;

(6) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established under chapter 353;

(8) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(9) the Teachers Retirement Association, established under chapter 354;

(10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A; and

~~(11) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and~~

~~(12)~~ (11) the judges retirement fund, established by chapter 490.

Sec. 37. Minnesota Statutes 2012, section 356.302, subdivision 7, is amended to read:

Subd. 7. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(2) the unclassified state employees retirement program of the Minnesota State Retirement System, established by chapter 352D;

(3) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

(4) the Teachers Retirement Association, established by chapter 354;

~~(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

~~(6)~~ (5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(7) ~~(6)~~ the state correctional employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

~~(8)~~ (7) the State Patrol retirement plan, established by chapter 352B;

~~(9)~~ (8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

~~(10)~~ (9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E; and

~~(11)~~ (10) the judges retirement plan, established by chapter 490.

Sec. 38. Minnesota Statutes 2012, section 356.303, subdivision 4, is amended to read:

Subd. 4. **Covered retirement plans.** This section applies to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

(6) the unclassified state employees retirement program, established by chapter 352D;

(7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

(8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

- (10) the Teachers Retirement Association, established by chapter 354;
~~(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
~~(12) (11)~~ the St. Paul Teachers Retirement Fund Association, established by chapter 354A; and
~~(13) (12)~~ the judges retirement fund, established by chapter 490.

Sec. 39. Minnesota Statutes 2012, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;
- (2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;
- (3) the State Patrol retirement plan, established under chapter 352B;
- (4) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353, including the MERF division of the Public Employees Retirement Association;
- (5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;
- (6) the Teachers Retirement Association, established under chapter 354; and
- ~~(7) the Duluth Teachers Retirement Fund Association, established under chapter 354A; and~~
- ~~(8) (7)~~ the St. Paul Teachers Retirement Fund Association, established under chapter 354A.

Sec. 40. Minnesota Statutes 2013 Supplement, section 356.401, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

- (1) the legislators retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;
- (2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;
- (4) the State Patrol retirement plan, established by chapter 352B;
- (5) the unclassified state employees retirement program, established by chapter 352D;
- (6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the voluntary statewide lump-sum volunteer firefighter retirement plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

~~(12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

~~(14)~~ (13) the individual retirement account plan, established by chapter 354B;

~~(15)~~ (14) the higher education supplemental retirement plan, established by chapter 354C; and

~~(16)~~ (15) the judges retirement fund, established by chapter 490.

Sec. 41. Minnesota Statutes 2012, section 356.42, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in this section applies to the following retirement funds:

(1) the general employees retirement plans of the Public Employees Retirement Association;

(2) the public employees police and fire plan of the Public Employees Retirement Association;

(3) the teachers retirement association;

(4) the State Patrol retirement plan;

(5) the state employees retirement plan of the Minnesota State Retirement System; and

(6) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and

~~(7) the Duluth Teachers Retirement Fund Association established under chapter 354A.~~

Sec. 42. Minnesota Statutes 2012, section 356.465, subdivision 3, is amended to read:

Subd. 3. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the State Patrol retirement plan established under chapter 352B;

(4) the legislators retirement plan established under chapter 3A;

(5) the judges retirement plan established under chapter 490;

(6) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353, including the MERF division of the Public Employees Retirement Association;

(7) the public employees police and fire plan of the Public Employees Retirement Association established under chapter 353;

(8) the teachers retirement plan established under chapter 354;

~~(9) the Duluth Teachers Retirement Fund Association established under chapter 354A;~~

~~(10) (9) the St. Paul Teachers Retirement Fund Association established under chapter 354A; and~~

~~(11) (10) the local government correctional service retirement plan of the Public Employees Retirement Association established under chapter 353E.~~

Sec. 43. Minnesota Statutes 2012, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. ~~For the Duluth Teachers Retirement Fund Association, the annual interest is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and with no interest accrual after June 30, 2010.~~ For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

Sec. 44. Minnesota Statutes 2012, section 356.99, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs (b) to (e) have the meanings given them.

(b) "Chief administrative officer" means the person selected or elected by the governing board of a covered pension plan with primary responsibility to administer the covered pension plan, or that person's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision 3, except clauses (3), (5), and (6).

(d) "Governing board" means the governing board of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, ~~the Duluth Teachers Retirement Fund Association~~, or the St. Paul Teachers Retirement Fund Association.

(e) "Member" means an active plan member in a covered pension plan.

Sec. 45. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute ~~50~~ 60 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ~~ten percent to the Duluth Teachers Retirement Fund Association~~, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision 1a that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

Sec. 46. CONSOLIDATION OF DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.

Subdivision 1. **Membership transfer.** All active, inactive, and retired members of the Duluth Teachers Retirement Fund Association are transferred to the Teachers Retirement Association and are no longer members of the Duluth Teachers Retirement Fund Association as of July 1, 2015.

Subd. 2. **Teachers Retirement Association membership.** A person first hired as a teacher by Independent School District No. 709, Duluth, after June 30, 2015, and who is a teacher as defined in Minnesota Statutes, section 354.05, subdivision 2, is a member of the Teachers Retirement Association for the person's subsequent teaching service.

Subd. 3. **Service credit and liability transfer.** All allowable service and salary credit of the members and other individuals transferred under subdivision 1 as specified in the records of the Duluth Teachers Retirement Fund Association as of June 30, 2015, is allowable service credit under Minnesota Statutes, section 354.05, subdivision 13, formula service credit under Minnesota Statutes, section 354.05, subdivision 25, and salary credit under Minnesota Statutes, section 354.05, subdivision 35, for the Teachers Retirement Association.

Subd. 4. **Transfer of records.** On or before June 30, 2015, the chief administrative officer of the Duluth Teachers Retirement Fund Association shall transfer all records and documents relating to the funds and the benefit plans of the association to the executive director of the Teachers Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. **Transfer of assets.** (a) On or before December 31, 2014, the chief administrative officer of the Duluth Teachers Retirement Fund Association shall transfer to the State Board of Investment for investment under Minnesota Statutes, section 11A.14, the entire assets of the special retirement fund, except for direct real estate holdings, of the Duluth Teachers Retirement Fund Association.

(b) By August 1, 2014, the chief administrative officer of the Duluth Teachers Retirement Fund Association must provide to the State Board of Investment a list of assets that are intended to be transferred.

(c) The executive director of the State Board of Investment shall review the assets and determine which assets are not in compliance with the requirements and limitations set forth in Minnesota Statutes, sections 11A.09, 11A.14, 11A.23, and 11A.24, or are not appropriate for retention under the established investment objectives of the State Board of Investment. Within 30 days of the date on which the asset transfer occurred, the executive director of the State Board of Investment shall provide the chief administrative officer of the Duluth Teachers Retirement Fund Association with a list of assets that are acceptable for transfer and a list of assets that are noncompliant or inappropriate. Acceptable assets, including cash, must be transferred at market value, and transfers may begin upon the transfer of legal title and notification by the chief administrative officer of the Duluth Teachers Retirement Fund Association to the State Board of Investment.

(d) Assets deemed to be noncompliant or inappropriate must be retained by the Duluth Teachers Retirement Fund Association. Within 30 days of receipt of the list of noncompliant or inappropriate assets, the chief administrative officer of the Duluth Teachers Retirement Fund Association must provide the executive director of the State Board of Investment with evidence that the chief administrative officer of the Duluth Teachers Retirement Fund Association is taking action to convert noncompliant or inappropriate assets to acceptable assets.

(e) Beginning January 1, 2015, the executive director of the State Board of Investment is authorized to direct the process of transferring legal title of assets for which such change is deemed necessary.

(f) On June 30, 2015, the remaining assets of the special retirement fund of the Duluth Teachers Retirement Fund Association are transferred to the State Board of Investment at market values determined by the executive director of the State Board of Investment. Legal title to transferred assets vests with the State Board of Investment on behalf of the Teachers Retirement Association. The transfer of the assets of the Duluth Teachers Retirement Fund Association special retirement fund must include any investment-related accounts receivable that are determined by the executive director of the State Board of Investment as reasonably capable of being collected and any

non-investment-related accounts receivable that are determined by the executive director of the Teachers Retirement Association as reasonably capable of being collected. For accounts receivable that are determined as not reasonably capable of being collected, legal title to the account transfers to Independent School District No. 709, Duluth, as of the date of the determination of the executive director of the State Board of Investment and the executive director of the Teachers Retirement Association. If the accounts receivable transferred to Independent School District No. 709, Duluth, are subsequently recovered by the school district, the superintendent of Independent School District No. 709, Duluth, shall transfer the recovered amount to the executive director of the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund, less the reasonable expenses of the school district related to the recovery. If the board of trustees of the Duluth Teachers Retirement Fund Association establishes a liquidating trust and deposits any of the retirement fund association assets in that trust or if the legislative auditor determines that the transferred assets were in an amount less than the full assets of the retirement fund association other than assets in the tax sheltered annuity program on the date of transfer as specified in paragraph (g), the amount of any untransferred assets are a claim against the state aid otherwise payable to Independent School District No. 709, Duluth, payable to the Teachers Retirement Association by the commissioner of management and budget upon request by the executive director of the Teachers Retirement Association.

(g) As of June 30, 2015, assets of the special retirement fund, except for direct real estate holdings, of the Duluth Teachers Retirement Fund Association are assets of the Teachers Retirement Association to be invested by the State Board of Investment under Minnesota Statutes, section 354.07, subdivision 4.

Subd. 6. Termination of Duluth Teachers Retirement Fund Association special retirement fund. (a) As of June 30, 2015, the Duluth Teachers Retirement Fund Association as a public retirement plan and its special retirement fund ceases to exist.

(b) Contracts, records, and obligations of the Duluth Teachers Retirement Fund Association special retirement fund existing at the time of consolidation with the Teachers Retirement Association are transferred to the Teachers Retirement Association under Minnesota Statutes, section 15.039, subdivisions 5 and 5a, except that contracts, records, and obligations of the Duluth Teachers Retirement Fund Association special retirement fund related to investment and safekeeping of assets are transferred to the State Board of Investment under Minnesota Statutes, section 15.039, subdivisions 5 and 5a. The State Board of Investment has the authority to pay the investment-related liabilities and obligations from the assets transferred from the Duluth Teachers Retirement Fund Association incurred by the Teachers Retirement Association. The legislative auditor shall audit the Duluth Teachers Retirement Fund Association for the fiscal year ending June 30, 2015, as part of the Teachers Retirement Association board's annual financial reporting requirements under Minnesota Statutes, section 356.20. The board of trustees of the Teachers Retirement Association may authorize and contract with either the legislative auditor or the state auditor to perform other audit services. Between April 1, 2015, and June 30, 2015, the Duluth Teachers Retirement Fund Association cannot incur a new or additional enforceable contractual liability or obligation without approval of the executive director of the Teachers Retirement Association.

Sec. 47. DULUTH TEACHERS RETIREMENT FUND ASSOCIATION EMPLOYEES.

Effective June 30, 2015, the employees of the Duluth Teachers Retirement Fund Association have their employment with the Duluth Teachers Retirement Fund Association terminated and, effective July 1, 2015, unless the former employee elects otherwise, the Duluth Teachers Retirement Fund Association employees, excluding the Executive Director, become employees of the Teachers Retirement Association. The commissioner of management and budget shall place employees from the former Duluth Teachers Retirement Fund Association into state service in their proper classifications, except that employees are appointed without examination and must be compensated at no less than their current hourly salary rate. Employees must have their accumulated, but unused, vacation leave balance as of June 30, 2015, posted to their credit by the Teachers Retirement Association, but if the employee has vacation time in excess of the applicable maximum, no additional vacation may accrue until the employee's balance falls below the maximum permitted by the state for the employee's position. The employees must receive length of service credit for vacation leave accrual for time served at the Duluth Teachers Retirement Fund Association. Duluth Teachers Retirement Fund Association employees who become employees of the Teachers Retirement Association effective on July 1, 2015, must be considered to have completed six months of continuous service for vacation use purposes. Employees of the former Duluth Teachers Retirement Fund Association appointed to the classified service are subject to a probationary period under the collective bargaining agreement or compensation plan applicable to the employee's position at the Teachers Retirement Association. Effective July 1, 2015, all transferred employees must be enrolled in the state employees' group insurance program as provided in Minnesota Statutes, sections 43A.22 to 43A.31, and the commissioner of management and budget shall provide open enrollment in all state employee health and dental insurance plans with no limitation on preexisting conditions except as specified in existing state employee certificates of coverage. The commissioner of management and budget shall provide these transferred employees with the opportunity to purchase optional life and disability insurance as provided by the state group insurance program in accordance with the policies of management and budget.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108; 354A.24; and 354A.27, subdivision 5, are repealed.

(b) Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a and 7; and 354A.31, subdivision 4a, are repealed.

Sec. 49. **EFFECTIVE DATE.**

(a) Section 46, subdivision 5, and section 22 are effective October 1, 2014. Sections 1 to 14, 16 to 21, 23 to 45, 46, subdivisions 1 to 4 and 6, 47, and 49 are effective June 30, 2015, if the following approve the consolidation provisions before October 1, 2014:

- (1) the board of trustees of the Duluth Teachers Retirement Fund Association;
- (2) the membership of the Duluth Teachers Retirement Fund Association; and
- (3) the board of trustees of the Teachers Retirement Association.

(b) An approval under paragraph (a) must be provided in a timely manner in compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, to the secretary of state, the state auditor, the legislative auditor, and the revisor of statutes by the chief administrative officer of the Duluth Teachers Retirement Fund Association for an approval under paragraph (a) by the board of trustees

of the Duluth Teachers Retirement Fund Association or by the membership of the Duluth Teachers Retirement Fund Association and by the chief administrative officer of the Teachers Retirement Association for an approval under paragraph (a) by the board of trustees of the Teachers Retirement Association.

ARTICLE 7

FIRST CLASS CITY TEACHER RETIREMENT FUND ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Special Direct state aid to first class city teachers retirement fund associations.** (a) The state shall pay \$346,000 as special direct state aid to the Duluth Teachers Retirement Fund Association and \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state shall pay \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

~~(b)~~ (c) The aids under this subdivision are payable October 1 annually. The commissioner of management and budget shall pay the aids specified in this subdivision. The amounts required are appropriated annually from the general fund to the commissioner of management and budget.

EFFECTIVE DATE. This section is effective September 30, 2016.

Sec. 2. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until ~~June 30, 2037~~ the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the

retirement plans listed in subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than the general state employees retirement plan of the Minnesota State Retirement System or a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan other than the general employees retirement plan of the Public Employees Retirement Association, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the ~~25th year from the valuation date, 2042~~. In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(k) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.

(l) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 8**MNSCU-RELATED PROVISIONS**

Section 1. Minnesota Statutes 2012, section 136F.481, is amended to read:

136F.481 EARLY SEPARATION INCENTIVE PROGRAM.

(a) Notwithstanding any provision of law to the contrary, the Board of Trustees of the Minnesota State Colleges and Universities may offer a targeted early separation incentive program for its employees.

(b) The early separation incentive program may include one or both of the following:

(1) cash incentives, not to exceed one year of base salary; or

(2) employer contributions to the postretirement healthcare savings plan established under section 352.98.

(c) To be eligible to receive an incentive, an employee must be at least age 55 and must have at least five years of employment by the Minnesota State Colleges and Universities System. The board of trustees shall establish and periodically revise the eligibility requirements for system employees to receive an incentive. The board of trustees shall file a copy of its proposed revised eligibility requirements with the chairs and ranking members of the senate committee on higher education within its jurisdiction and the Higher Education budget and Policy senate finance division of the senate Committee on Finance with higher education within its jurisdiction and with the chair and ranking members of the Higher Education and Workforce Development Finance and Policy Division of the Finance committee of in the house of representatives with higher education within its jurisdiction and of the house of representatives Committee on Ways and Means, at least 30 days before their the final adoption of the proposed revised eligibility requirements by the board of trustees, shall post the same document on the system Web site at the same time, and shall hold a public hearing on the proposed eligibility requirements. The type and any additional amount of the incentive to be offered may vary by employee classification, as specified by the board.

(d) The president of a college or university, consistent with paragraphs (b) and (c), may designate:

(1) specific departments or programs at the college or university whose employees are eligible to be offered the incentive program; or

(2) positions at the college or university eligible to be offered the incentive program.

(e) The chancellor, consistent with paragraphs (b) and (c), may designate:

(1) system office divisions whose employees are eligible to be offered the incentive program; or

(2) positions at the system office eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the president of the applicable college or university.

(g) A decision by the president of a college or university or by the chancellor not to offer an incentive may not be challenged.

(h) The cost of the incentive is payable by the college or university on whose behalf the president offered the incentive or from the system office budget if the chancellor offered the incentive. If a college or university is merged, the remaining cost of any early separation incentive must be borne by the successor institution. If a college or university is closed, the remaining cost of any early separation incentive must be borne by the board of trustees.

(i) Annually, the chancellor and the president of each college or university must report on the number and types of early separation incentives which were offered and utilized under this section. The report must be filed annually with the board of trustees and with the Legislative Reference Library on or before September 1.

(j) The early retirement incentive authority under this section expires on June 30, 2019.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2012, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) was not a recipient of an early retirement incentive under section 136F.481;

~~(3)~~ (4) begins drawing an annuity from the general state employees retirement plan of the Minnesota State Retirement System; and

~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through employment after retirement in the system from which the person retired.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 352.1155, subdivision 4, is amended to read:

Subd. 4. **Exemption limit.** For a person eligible under this section who earns more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through reemployment in the Minnesota State Colleges and Universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$46,000~~ \$62,000.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 354.445, is amended to read:

354.445 NO ANNUITY REDUCTION.

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) was not a recipient of an early retirement incentive under section 136F.481;

~~(3)~~ (4) begins drawing an annuity from the teachers retirement association; and

~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$46,000~~ \$62,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) was not a recipient of an early retirement incentive under section 136F.481;

(3) (4) begins drawing an annuity from a first class city teachers retirement association; and

(4) (5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 6. Minnesota Statutes 2012, section 354B.21, subdivision 2, is amended to read:

Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has the default coverage specified in subdivision 3, or other subdivisions of this section, whichever is applicable, and retains that coverage for the period of covered employment unless a timely election to change that coverage is made as specified in this section.

(b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect prospective Teachers Retirement Association plan coverage.

(c) An eligible person under subdivision 3, paragraph (d), is authorized to elect prospective coverage by the plan established by this chapter.

(d) The election under paragraph (a) must be made within one year of commencing eligible Minnesota State Colleges and Universities system employment. If an election is not made within the specified election period due to a termination of Minnesota State Colleges and Universities system employment, an election may be made within 90 days of returning to eligible Minnesota State Colleges and Universities system employment. Except as specified in paragraph (f), all elections are irrevocable.

(e) Except as provided in paragraph (f), a purchase of service credit in the Teachers Retirement Association plan for any period or periods of Minnesota State Colleges and Universities system employment occurring before the election under this section is prohibited.

(f) Notwithstanding other paragraphs in this subdivision, a faculty member who is a member of the individual retirement account plan may elect to transfer retirement coverage to the teachers retirement plan within one year of the faculty member first achieving tenure or its equivalent at a Minnesota state college or university. The faculty member electing Teachers Retirement Association coverage under this paragraph must purchase service credit in the Teachers Retirement Association for the entire period of time covered under the individual retirement account plan and the purchase payment amount must be determined under section 356.551. The Teachers Retirement

Association may charge a faculty member transferring coverage a reasonable fee to cover the costs associated with computing the actuarial cost of purchasing service credit and making the transfer. A faculty member transferring from the individual retirement account plan to the Teachers Retirement Association may use any balances to the credit of the faculty member in the individual retirement account plan, any balances to the credit of the faculty member in the higher education supplemental retirement plan established under chapter 354C, or any source specified in section 356.441, subdivision 1, to purchase the service credit in the Teachers Retirement Association. If the total amount of payments under this paragraph are less than the total purchase payment amount under section 356.551, the payment amounts must be refunded to the applicable source. ~~The retirement coverage transfer and service credit purchase authority under this paragraph expires with respect to any Minnesota State Colleges and Universities System faculty initially hired after June 30, 2014.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 7. Laws 2009, chapter 169, article 6, section 1, the effective date, is amended to read:

EFFECTIVE DATE; SUNSET. This section is effective the day following final enactment and ~~expires June 30, 2014.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 9

POLICE AND FIREFIGHTER PENSION CHANGES

Section 1. Minnesota Statutes 2012, section 353.6511, subdivision 7, is amended to read:

Subd. 7. **Postretirement adjustments.** Effective January 1, 2012, service pensions and survivor benefits in force are entitled to be recomputed with the number of units specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be recomputed as the actuarial equivalent of the service pensions and survivor benefits with the number of units specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any annual postretirement adjustment percentage amount payable after December 31, 2015, under section 356.415, subdivision 1c, payable after December 31, 2015, and before the date of retirement paragraph (a), clause (1), or, when applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

Sec. 2. Minnesota Statutes 2012, section 353.6512, subdivision 7, is amended to read:

Subd. 7. **Postretirement adjustments.** Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any annual postretirement adjustment percentage amount payable after December 31, 2015, under section 356.415, subdivision 1c, payable after December 31, 2015, and before the date of retirement paragraph (a), clause (1), or, when applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

Sec. 3. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision ~~1~~ 1 that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be paid to municipalities other than municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under section 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan paid under section 69.021, subdivision 7, with the allocated amount for fire departments participating in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the executive director of the Public Employees Retirement Association for deposit in the fund established by section 353G.02, subdivision 3, and credited to the respective account and with the balance paid to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief association for deposit in its special fund; and

(3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement System for deposit in the state patrol retirement fund.

(b) For purposes of this section, the term "municipalities" includes independent nonprofit firefighting corporations that participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief associations operating under chapter 424A.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is amended to read:

Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the executive director of the Public Employees Retirement Association shall report to the commissioner of revenue the following:

(1) the municipalities which employ firefighters with retirement coverage by the public employees police and fire retirement plan;

(2) the number of firefighters with public employees police and fire retirement plan coverage employed by each municipality;

(3) the fire departments covered by the voluntary statewide lump-sum volunteer firefighter retirement plan; and

(4) any other information requested by the commissioner to administer the police and firefighter retirement supplemental state aid program.

(b) For this subdivision, (i) the number of firefighters employed by a municipality who have public employees police and fire retirement plan coverage means the number of firefighters with public employees police and fire retirement plan coverage that were employed by the municipality for not less than 30 hours per week for a minimum of six months prior to December 31 preceding the date of the payment under this section and, if the person was employed for less than the full year, prorated to the number of full months employed; and (ii) the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of police officers meeting the definition of peace officer in section 69.011, subdivision 1, counted as provided and limited by section 69.011, subdivisions 2 and 2b.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED 2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

(a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the contrary, this section modifies the allocation of the police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October 1, 2014.

(b) Before the allocation of the police and fire supplemental retirement state aid is made for October 1, 2014, the commissioner of revenue shall:

(1) determine those fire departments that qualified for fire state aid under Minnesota Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, that did not receive a 2013 allocation of police and fire supplemental retirement state aid, and that were an independent nonprofit firefighting corporation; and

(2) determine the amount of police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments described in clause (1) would have received on October 1, 2013, if the fire departments had been included in that allocation.

(c) The total amount determined in paragraph (b), clause (2), must be deducted from the amount available for allocation under Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire departments determined in paragraph (b), clause (1), their respective portion of the total as an additional payment on October 1, 2014.

(d) The remaining amount after the deduction of the total amount under paragraph (c) must be allocated as provided in Minnesota Statutes, section 423A.022, subdivision 2.

Sec. 7. PERA; STUDY OF LOCAL RELIEF ASSOCIATION BENEFITS UNDER CONSOLIDATION.

The executive director of the Public Employees Retirement Association shall report to the Legislative Commission on Pensions and Retirement by February 1, 2015, regarding the situation of former members and surviving spouses of former members of local salaried police and fire relief associations governed by Minnesota Statutes, chapter 423A, that consolidated with the public employees police and fire retirement plan under Minnesota Statutes, chapter 353A, and Laws 1999, chapter 222, article 4.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 10

ACTUARIAL ASSUMPTION CHANGES

Section 1. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0.0	0.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0

public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5

Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent. ~~Except for the legislators retirement plan and the constitutional officers calculation of total plan liabilities, the select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan, each with a select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, of 8.0 percent.~~

(2) single rate preretirement and postretirement interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6.0
local monthly benefit volunteer firefighters relief associations	5.0

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, whichever applies.

(2) If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivisions 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary projects that the plan will attain the defined funding stability measure, and thereafter the valuation must use an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained. For actuarial valuations prepared after June 29, 2015, the projection under this clause must use the same actuarial assumptions as used in the actuarial valuation and must include the impact of any retirement contribution change under section 352.045, 353.27, subdivision 3b, or 354.42, subdivisions 4a, 4b, 4c, and 4d, whichever applies. For actuarial valuations prepared after June 29, 2015, if the attainment of the defined funding stability measure is projected to be later than the amortization target date applicable to the retirement plan in subdivision 11, the actuarial valuation must include an exhibit setting forth the annual results, for a period of at least 30 years from the valuation date, of the expected experience of the retirement plan under its actuarial assumptions, the expected funded condition, the expected total financial requirements, and the expected financial support on which that conclusion is based.

(b) (c) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	3.0
Bloomington Fire Department Relief Association	4.0

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

For plans other than the Duluth teachers retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the Duluth Teachers Retirement Fund Association and for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C
16	6.00%	5.90%	9.00%
17	6.00	5.90	9.00
18	6.00	5.90	9.00
19	6.00	5.90	9.00
20	6.00	5.90	9.00
21	6.00	5.90	8.75
22	6.00	5.90	8.50
23	6.00	5.85	8.25
24	6.00	5.80	8.00
25	6.00	5.75	7.75

92ND DAY]

MONDAY, APRIL 28, 2014

8415

26	6.00	5.70	7.50
27	6.00	5.65	7.25
28	6.00	5.60	7.00
29	6.00	5.55	6.75
30	6.00	5.50	6.75
31	6.00	5.45	6.50
32	6.00	5.40	6.50
33	6.00	5.35	6.50
34	6.00	5.30	6.25
35	6.00	5.25	6.25
36	5.86	5.20	6.00
37	5.73	5.15	6.00
38	5.59	5.10	6.00
39	5.45	5.05	5.75
40	5.31	5.00	5.75
41	5.18	4.95	5.75
42	5.04	4.90	5.50
43	4.90	4.85	5.25
44	4.76	4.80	5.25
45	4.63	4.75	5.00
46	4.49	4.70	5.00
47	4.35	4.65	5.00
48	4.21	4.60	5.00
49	4.08	4.55	5.00
50	3.94	4.50	5.00
51	3.80	4.45	5.00
52	3.66	4.40	5.00
53	3.53	4.35	5.00
54	3.39	4.30	5.00
55	3.25	4.25	4.75
56	3.25	4.20	4.75
57	3.25	4.15	4.50
58	3.25	4.10	4.25
59	3.25	4.05	4.25

60	3.25	4.00	4.25
61	3.25	4.00	4.25
62	3.25	4.00	4.25
63	3.25	4.00	4.25
64	3.25	4.00	4.25
65	3.25	4.00	4.00
66	3.25	4.00	4.00
67	3.25	4.00	4.00
68	3.25	4.00	4.00
69	3.25	4.00	4.00
70	3.25	4.00	4.00

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
2	8.10	8.90	9.00	11.00	7.50	5.85
3	6.90	7.46	8.00	9.00	7.00	5.70
4	6.20	6.58	7.50	8.00	6.75	5.55
5	5.70	5.97	7.25	6.50	6.50	5.40
6	5.30	5.52	7.00	6.10	6.25	5.25
7	5.00	5.16	6.85	5.80	6.00	5.10
8	4.70	4.87	6.70	5.60	5.85	4.95
9	4.50	4.63	6.55	5.40	5.70	4.80
10	4.40	4.42	6.40	5.30	5.55	4.65
11	4.20	4.24	6.25	5.20	5.40	4.55

92ND DAY]

MONDAY, APRIL 28, 2014

8417

12	4.10	4.08	6.00	5.10	5.25	4.45
13	4.00	3.94	5.75	5.00	5.10	4.35
14	3.80	3.82	5.50	4.90	4.95	4.25
15	3.70	3.70	5.25	4.80	4.80	4.15
16	3.60	3.60	5.00	4.80	4.65	4.05
17	3.50	3.51	4.75	4.80	4.50	3.95
18	3.50	3.50	4.50	4.80	4.35	3.85
19	3.50	3.50	4.25	4.80	4.20	3.75
20	3.50	3.50	4.00	4.80	4.05	3.75
21	3.50	3.50	3.90	4.70	4.00	3.75
22	3.50	3.50	3.80	4.60	4.00	3.75
23	3.50	3.50	3.70	4.50	4.00	3.75
24	3.50	3.50	3.60	4.50	4.00	3.75
25	3.50	3.50	3.50	4.50	4.00	3.75
26	3.50	3.50	3.50	4.50	4.00	3.75
27	3.50	3.50	3.50	4.50	4.00	3.75
28	3.50	3.50	3.50	4.50	4.00	3.75
29	3.50	3.50	3.50	4.50	4.00	3.75
30 or more	3.50	3.50	3.50	4.50	4.00	3.75

(e) (d) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
Duluth teachers retirement plan	3.50

St. Paul teachers retirement plan

4.00

~~(d)~~ (e) The assumptions set forth in paragraphs ~~(b)~~ (c) and ~~(e)~~ (d) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective June 30, 2014, and applies to actuarial valuation reports prepared on or after that date.

Sec. 2. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph ~~(e)~~ (d). For all other retirement plans and for the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than ~~the general state employees retirement plan of the Minnesota State Retirement System or a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), or (k),~~ if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan ~~other than the general employees retirement plan of the Public Employees Retirement Association,~~ if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(k) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.

(l) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to actuarial valuation results prepared on or after that date.

Sec. 3. **REPEALER.**

Minnesota Statutes 2012, section 356.415, subdivision 3, is repealed.

EFFECTIVE DATE. This section is effective June 30, 2014, and applies to actuarial valuation reports prepared on or after that date.

ARTICLE 11

POSTRETIREMENT ADJUSTMENT TRIGGER PROCEDURES

Section 1. Minnesota Statutes 2013 Supplement, section 354A.27, subdivision 6a, is amended to read:

Subd. 6a. **Postretirement adjustment transition.** (a) If the funded ratio of the retirement plan based on the actuarial value of assets is at least 90 percent as reported in the two most recent actuarial ~~valuation~~ valuations prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement adjustments are governed by subdivision 7.

(b) Each annuity or benefit recipient of the retirement plan who has been receiving that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to receive a postretirement adjustment of one percent, payable on January 1.

EFFECTIVE DATE. This section is effective July 1, 2015, unless Minnesota Statutes, section 354A.27, subdivision 6a, is repealed by action of the 2014 legislature.

Sec. 2. Minnesota Statutes 2012, section 354A.29, subdivision 8, is amended to read:

Subd. 8. **Calculation of postretirement adjustments; transitional provision.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of

assets of the plan as determined by the two most recent actuarial valuation valuations prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

Funding ratio	Postretirement increase
Less than 80 percent	1 percent
At least 80 percent but less than 90 percent	2 percent

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the postretirement increase is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement increase is applied, calculated to the third decimal place.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent in two consecutive actuarial valuations, this subdivision expires and subsequent postretirement increases must be paid as specified in subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 3. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the legislators retirement plans, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the correctional state employees retirement plan, the unclassified state employees retirement program, and the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision commence on January 1, 2011. Increases under this subdivision for the general state employees retirement plan, the correctional state employees retirement plan, or the judges retirement plan terminate on December 31 of the calendar year in which the two prior consecutive actuarial valuation valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for

the legislators retirement plan or the elected state officers retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(c) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

(2) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;

(3) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months;

(4) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and

(5) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, for which the person has been retired for at least six months but less than 18 months.

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the two most recent prior actuarial ~~valuation~~ valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 5. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision commence on January 1, 2014. Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which ~~the two prior consecutive~~ actuarial valuation valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 85 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (c) recommence after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which ~~the two prior consecutive~~ actuarial valuation valuations prepared

by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

(e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 6. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** (a) The increases provided under this subdivision begin on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(c) Increases under this subdivision terminate on December 31 of the calendar year in which ~~the two prior consecutive actuarial valuation~~ valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2014.

ARTICLE 12

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

- (1) the sources and amounts of all money received;
- (2) all disbursements, accounts payable and accounts receivable;
- (3) the amount of money remaining in the treasury;
- (4) total assets, including a listing of all investments;
- (5) the accrued liabilities; and
- (6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an ~~independent~~ a certified public accountant or by the state auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The ~~independent~~ accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed statement required under paragraph (a) must be countersigned by:

- (1) the municipal clerk or clerk-treasurer of the municipality; or
- (2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or
- (3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 3, is amended to read:

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 424A.091 to 424A.095 and which is not

exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

- (1) has an organized fire department;
- (2) does not have a volunteer firefighters relief association directly associated with its fire department;
- (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;
- (4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and
- (5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to fire state aid payable on October 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets as specified in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** An expanded list plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under this subdivision, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned

directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

(c) **Government obligations.** An expanded list plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) a United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(d) **Investment-grade corporate obligations.** An expanded list plan is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

(f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

(i) bankers acceptances and deposit notes if issued by a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit if issued by a United States bank or savings institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or if issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(v) repurchase agreements and reverse repurchase agreements if collateralized with letters of credit or securities authorized in this section;

(vi) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts if fully insured by a federal agency; and

(viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), an expanded list plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund.

(h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(iv) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii), may not exceed 35 percent of the market value of the fund for which the expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

(iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

(iv) the expanded list plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The expanded list plan may not engage in any activity as a limited partner which creates general liability; and

(v) the aggregate value of all unrated obligations and obligations that are not rated among the top four quality categories by a nationally recognized rating agency authorized by paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's market value; and

(vi) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) **Supplemental plan investments.** The governing body of an expanded list plan may certify assets to the State Board of Investment for investment under section 11A.17.

(j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2012, section 356A.06, subdivision 7a, is amended to read:

Subd. 7a. **Restrictions.** Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. For a covered pension authorized to purchase put and call options and futures contracts under subdivision 7, any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section, excluding those under subdivision 7, paragraph (g) (h), clause (1), items (i) to (iv), may be accepted as collateral or offsetting securities.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 424A.015, is amended by adding a subdivision to read:

Subd. 6. **Governing benefit plan provisions.** A service pension or ancillary benefit payable under this chapter is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and has not returned to active service with the fire department for a period no shorter than five years; or

(ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account. Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

(e) At the time of retirement under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

(f) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section 69.051.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2013 Supplement, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined contribution relief association may, if its governing bylaws so provide, credit interest or additional investment performance on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, the interest must be paid:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution volunteer firefighter relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account through the accounting date on which the investment return is recognized by and credited to the special fund.

(d) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

~~(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 7, is amended to read:

Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief association may only pay an ancillary benefit which would constitute an authorized disbursement as specified in section 424A.05. The ancillary benefit for active members must equal the vested and nonvested amount of the individual account of the member.

(b) For deferred members, the ancillary benefit must equal the vested amount of the individual account of the member. For the recipient of installment payments of a service pension, the ancillary benefit must equal the remaining balance in the individual account of the recipient.

(c) If the bylaws permit and as defined by the bylaws, the relief association may pay an ancillary benefit to, or on behalf of, a member who is not active or deferred.

(d)(1) If a survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(i) as a survivor benefit to the surviving spouse of the deceased firefighter;

(ii) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(iv) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(2) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

~~(e)~~ (e) For purposes of this section, for a defined contribution volunteer fire relief association, a trust created under chapter 501B may be a designated beneficiary. If a trust payable to the surviving children organized under chapter 501B has been established as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding the requirements of this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable ~~qualified~~ municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing includes any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00

729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00

92ND DAY]

MONDAY, APRIL 28, 2014

8435

3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00

Effective beginning ~~December 31, 2008~~

4617	57.00
4698	58.00
4779	59.00
4860	60.00
4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00

Effective beginning ~~December 31, 2009~~

5346	66.00
5427	67.00
5508	68.00
5589	69.00
5670	70.00
5751	71.00
5832	72.00
5913	73.00

5994	74.00
Effective beginning December 31, 2010	
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
Effective beginning December 31, 2011	
6804	84.00
6885	85.00
6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00
7452	92.00
Effective beginning December 31, 2012	
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of	
8100	100.00

(d) For a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension to a retiring member, the maximum lump-sum service pension amount for each year

of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$ 10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760

432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800

92ND DAY]

MONDAY, APRIL 28, 2014

8439

2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200

8440

JOURNAL OF THE SENATE

[92ND DAY

3939	7300
3993	7400
4047	7500

~~Effective beginning December 31, 2008~~

4101	7600
4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300

~~Effective beginning December 31, 2009~~

4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000
4911	9100

~~Effective beginning December 31, 2010~~

4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000

any amount in excess of

5397	10,000
------	--------

(e) For a defined benefit relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump-sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a defined benefit relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No defined benefit relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

(h) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service except for caps on service credit if so provided in the bylaws of the relief association.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at an interest rate of up to five percent, compounded annually, as set by the board of trustees.

(d) Any change in the interest rate set by the board of ~~directors~~ trustees under paragraph (c), clause (3), must be ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next following the date on which the deferred service pension interest rate as set by the board of trustees was ratified by the governing body of the municipality served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(f) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date on which the member separates from active service and membership and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

~~(h) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2012, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual

retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

(3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota ~~Area Relief~~ State Fire Chiefs Association Coalition in order to entitle relief association members to membership in and the benefits of these associations or organizations;

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; and

(7) for the payment of administrative expenses of the relief association as authorized under section 69.80.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2012, section 424A.08, is amended to read:

424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED DISBURSEMENTS.

(a) Any ~~qualified~~ municipality which is entitled to receive fire state aid but which has no volunteer firefighters' relief association directly associated with its fire department and which has no full-time firefighters with retirement coverage by the public employees police and fire retirement plan shall deposit the fire state aid in a special account established for that purpose in the municipal treasury. Disbursement from the special account may not be made for any purpose except:

(1) payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the state Volunteer Firefighters' Benefit Association in order to entitle its firefighters to membership in and the benefits of these state associations;

(2) payment of the cost of purchasing and maintaining needed equipment for the fire department; and

(3) payment of the cost of construction, acquisition, repair, or maintenance of buildings or other premises to house the equipment of the fire department.

(b) A ~~qualified~~ municipality which is entitled to receive fire state aid, which has no volunteer firefighters' relief association directly associated with its fire department, which does not participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, and which has full-time firefighters with retirement coverage by the public employees police and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the payment of the employer contribution requirement with respect to firefighters covered by the public employees

police and fire retirement plan under section 353.65, subdivision 3, or for a combination of the two types of disbursements.

(c) A municipality that has no volunteer firefighters' relief association directly associated with it and that participates in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G shall transmit any fire state aid that it receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Minnesota Statutes 2013 Supplement, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable, and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 2, is amended to read:

Subd. 2. **Determination of actuarial condition and funding costs.** A relief association to which this section applies shall obtain an actuarial valuation showing the condition of the special fund of the relief association as of December 31, 1978, and at least as of December 31 every four years thereafter. The valuation shall be prepared in accordance with the provisions of sections 356.215, subdivision 8, and 356.216 and any applicable standards for actuarial work established by the Legislative Commission on Pensions and Retirement, except that the figure for normal cost shall be expressed as a level dollar amount, and the amortization contribution shall be the level dollar amount calculated to amortize any current unfunded accrued liability by at least the date of full funding specified in subdivision 4, clause (b). Each valuation shall be filed with the governing body of the municipality ~~in which the relief association is located~~ served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable, and with the state auditor, not later than July 1 of the year next following the date as of which the actuarial valuation is prepared. Any relief association which is operating under a special law which requires that actuarial valuations be obtained at least every four years and be prepared in accordance with applicable actuarial standards set forth in statute may continue to have actuarial valuations made according to the time schedule set forth in the special legislation subject to the provisions of subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding under subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality ~~in which the relief association is located~~ served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable. If the special fund of the relief association has a surplus over full funding under subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was

implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2013 Supplement, section 424A.094, subdivision 2, is amended to read:

Subd. 2. **Determination of actuarial condition and funding costs.** Each independent nonprofit firefighting corporation to which this section applies shall determine the actuarial condition and the funding costs of the subsidiary relief association using the following procedure:

(1) An independent nonprofit firefighting corporation which has a subsidiary relief association which pays a monthly benefit service pension shall procure an actuarial valuation of the special fund of the subsidiary relief association at the same times and in the same manner as specified in section 424A.093, subdivisions 2 and 3, and an independent nonprofit firefighting corporation which has a subsidiary relief association which pays a lump-sum service pension shall determine the accrued liability of the special fund of the relief association in accordance with section 424A.092, subdivision 2.

(2) The financial requirements of the special fund of the subsidiary relief association which pays a monthly benefit service pension shall be determined in the same manner as specified in section 424A.093, subdivision 4, and the financial requirements of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 424A.092, subdivision 3.

(3) The minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable.

(4) The independent nonprofit firefighting corporation shall appropriate annually from the income of the corporation an amount at least equal to the minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2013 Supplement, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter retirement plan of a lump-sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association and the retirement plan must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a volunteer firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer firefighter benefit.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 2012, section 424B.12, is amended to read:

424B.12 MIXED CONSOLIDATING RELIEF ASSOCIATIONS; BENEFIT PLAN; FUNDING.

Subdivision 1. **Applicability.** This section applies where one or more of the volunteer firefighters' relief associations involved in the consolidation are defined benefit relief associations as defined in section 424A.001, subdivision 1b, and one or more of the volunteer firefighters' relief associations involved in the consolidation are defined contribution relief associations as defined in section 424A.001, subdivision 1c.

Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor relief association must specify whether the relief association is a defined benefit relief association or whether the relief association is a defined contribution relief association. If the successor relief association is a defined benefit relief association, the relief association benefits must comply with sections 424A.02 and ~~424B.11, subdivision 1a~~ 424B.10. If the successor relief association is a defined contribution relief association, the relief association must comply with sections 424A.016 and ~~424B.12~~ 424B.11, subdivision 2.

Subd. 3. **Funding.** If the successor relief association is a defined benefit relief association, the relief association funding is governed by section ~~424B.11~~ 424B.10, subdivision 2. If the successor relief association is a defined contribution relief association, the relief association funding is governed by section ~~424B.12~~ 424B.11, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 13

MISCELLANEOUS RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 2012, section 11A.17, subdivision 1, is amended to read:

Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the supplemental investment fund is to provide an investment vehicle for the assets of various public retirement plans and funds.

~~(b) The fund consists of eight investment accounts: an income share account, a growth share account, an international share account, a money market account, a fixed interest account, a bond market account, a common stock index account, and a volunteer firefighter account. The state board shall determine and make available investment accounts within the supplemental investment fund. These accounts shall include an appropriate array of diversified investment options for participants of the public retirement plans under subdivision 5.~~

~~(c) The assets of the supplemental investment fund is a continuation of the supplemental retirement fund in existence on January 1, 1980 must be invested by the state board in types of investments permitted under section 11A.24.~~

~~(d) The state board shall make available a volunteer firefighter account for the voluntary statewide lump-sum volunteer firefighter retirement plan under section 353G.02.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 11A.17, subdivision 9, is amended to read:

Subd. 9. **Valuation of investment shares.** ~~(a) The value of investment shares in the income share account, the growth share account, the international share account, the bond market account, and the common stock index for each investment account, excluding a money market account, must be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account.~~

~~(b) The value of investment shares in the a money market account and the fixed interest account is must be \$1 a share. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 352.115, subdivision 8, is amended to read:

Subd. 8. **Accrual of annuity.** ~~State employees shall apply for an annuity. The application for an annuity must not be made more than 90 60 days before the time the state employee is eligible to retire by reason of both age and service requirements or former state employee elects to begin collecting a retirement annuity. If the director determines an applicant for annuity has fulfilled the legal requirements for an annuity, the director shall authorize the annuity payment in accordance with this chapter and payment must be made as authorized. An annuity shall begin to accrue no earlier than 180 days before the date the application is filed with the director, but not before the day following the termination of state service or before the day the employee is eligible to retire by reason of both age and service requirements. The retirement annuity shall cease with the last payment which had accrued during the lifetime of the retired employee unless an optional annuity provided in section 352.116, subdivision 3, had been selected and had become payable. The joint and last survivor annuity shall cease with the last payment received by the survivor during the lifetime of the survivor. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, the spouse is entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor is entitled to the annuity for the calendar month in which the retired employee died.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 352.115, subdivision 10, is amended to read:

Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received as a temporary employee of the legislature during a legislative session, if any retired employee again becomes entitled to receive salary or wages from any employer who employs state employees as that term is defined in section 352.01, subdivision 2, in a position covered by this chapter, the annuity or retirement allowance must cease ~~when the first of the month following the month that the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the retired employee are equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.~~

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.47.

(c) The annuity must be resumed ~~when the first of the month following the month that state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.~~

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change may be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

(f) If a reemployed annuitant whose annuity is suspended under paragraph (a) is having insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium amounts must continue to be withheld and transferred from the suspended portion of the annuity. The balance of the annual retirement annuity after cessation, after deduction of the insurance premium amounts, must be treated as specified in paragraph (b).

(g) If a reemployed annuitant whose annuity is suspended under paragraph (a) has a former spouse receiving a portion of the annuity allowable under section 518.58, subdivision 1, the portion payable to the former spouse must continue to be paid.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 352.965, subdivision 4, is amended to read:

Subd. 4. **Plan investments.** (a) Available investments under the plan may include: are those investments chosen by the State Board of Investment under section 356.645 for the plan.

~~(1) shares in the Minnesota supplemental investment fund established in section 11A.17 that are selected to be offered under the plan by the State Board of Investment;~~

~~(2) saving accounts in federally insured financial institutions;~~

~~(3) life insurance contracts, fixed annuity, and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;~~

~~(4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;~~

~~(5) investment options from a firm that is a registered investment advisor under the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;~~

~~(6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1); or~~

~~(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as specified by the participant.~~

~~(b) All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held for the exclusive benefit of the plan participants and beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law in accordance with section 356A.06, subdivision 1. This subdivision does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 6. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision to read:

Subd. 4a. **Exclusive benefit.** All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held for the exclusive benefit of the plan participants and beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law in accordance with section 356A.06, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 7. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision to read:

Subd. 4b. **Employer contribution prohibition.** Except as authorized in section 356.24, subdivision 1, clause (5), employer contributions are prohibited.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 8. Minnesota Statutes 2012, section 352.98, subdivision 2, is amended to read:

Subd. 2. **Contracting authorized.** (a) The executive director shall administer the plan and contract with public and private entities to provide investment services, record keeping, benefit payments, and other functions necessary for the administration of the plan. ~~If allowed by~~

(b) As specified in section 356.645, the Minnesota State Board of Investment, ~~the Minnesota State Board of Investment supplemental investment funds may be offered as shall determine an appropriate selection of investment options under that shall be offered by~~ the health care savings plan or plans.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision to read:

Subd. 1a. **State Board of Investment selection of investment products.** As specified in section 356.645, the State Board of Investment shall select investment products to be available to participants in the retirement program provided by this chapter.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 10. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision to read:

Subd. 1b. **Participant selection of investments.** (a) A program participant may elect to participate in one or more of the investment products made available under the program by specifying the percentage of the participant's contributions under subdivision 2 to be used to purchase shares in the applicable products.

(b) Before making an allocation election, or if the participant fails to specify an allocation, the executive director shall, on behalf of that participant, purchase shares in a default investment alternative. The investment alternative must be specified by the Minnesota State Retirement System Board from the available investment options authorized under subdivision 1a.

(c) A participant may revise the investment allocation for subsequent purchase of shares, and a participant or former participant may also change the investment options selected for all or a portion of shares previously purchased.

(d) Any investment allocation selection authorized under this subdivision, whether relating to subsequent purchases of new shares or reallocating the existing portfolio, must be conducted at times and under procedures prescribed by the executive director. Any allocation or allocation revisions are effective at the end of the most recent United States investment market day, unless subject to trading restrictions imposed on certain investment options.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 11. Minnesota Statutes 2012, section 353.27, subdivision 4, is amended to read:

Subd. 4. Employer reporting requirements; contributions; member status. (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan under this chapter or chapter 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report

must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of \$5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

- (1) the legal names and Social Security numbers of employees who are members;
- (2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, pay for unused compensatory time, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

- (5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan in the format prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 12. Minnesota Statutes 2012, section 353.37, is amended by adding a subdivision to read:

Subd. 6. **Treatment in certain divorce situations.** Notwithstanding other subdivisions of this section, if a reemployed annuitant whose annuity is suspended or reduced under this section has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1, the portion payable to the former spouse must not be suspended or deferred.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2014.

Sec. 13. Minnesota Statutes 2012, section 353.371, is amended by adding a subdivision to read:

Subd. 8. **Program expiration.** (a) Initial postretirement option employment agreements must not be entered into after June 30, 2019.

(b) This section expires on June 30, 2024.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 14. Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a public employees police and fire retirement plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age and is at least partially vested under section 353.01, subdivision 47, upon the termination of public service employees police and fire retirement plan membership before July 1, 2014, ~~if the person is other than a county sheriff or after January 4, 2015, if the person is a county sheriff~~ is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public service employees police and fire retirement plan membership before July 1, 2014, ~~if the person is other than a county sheriff or upon the termination of public service before January 5, 2015, if the person is a county sheriff~~, any public employees police and fire retirement plan member who first became a member of the plan before July 1, 2007, and who is not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

(c) A person ~~other than a county sheriff~~ who is a member of the public employees police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015~~, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, and whose benefit effective date is after July 1, 2014, ~~if other than a county sheriff or after January 4, 2015, if a county sheriff~~ and on or before July 1, 2019, is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced for each month the member is under age 55 at the time of retirement by applying a blended monthly rate that is equivalent to the sum of:

(1) one-sixtieth of the annual rate of five percent, prorated for each month the person's benefit effective date is after July 1, 2014, ~~or after December 31, 2014, whichever applies~~; and

(2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever applies, for each month the person's benefit effective date is before July 1, 2019.

(d) A person ~~other than a county sheriff~~ who is a member of the public employees police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015~~, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by five percent annually, prorated for each month that the member is under age 55.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2012, section 353D.05, subdivision 1, is amended to read:

Subdivision 1. **Investment.** As further specified under this section, employing unit contributions, after the deduction of an amount for administrative expenses, and individual participant contributions must be remitted to invested in the participant's account or accounts in investment products authorized by the association that are made available for this purpose by the State Board of Investment for investment in the Minnesota supplemental investment fund established by under section HA.17 356.645.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 16. Minnesota Statutes 2012, section 353D.05, is amended by adding a subdivision to read:

Subd. 1a. **Participant selection of investments.** (a) A plan participant may elect to allocate contributions, made by and on behalf of the participant, in one or more of the investment products authorized by the association to be made available under the plan, by specifying the percentage of the participant's contributions to be used to purchase shares in the authorized products.

(b) If contributions are received before the participant has made an allocation election, or if the participant fails to specify an allocation, the executive director shall, on behalf of that participant, purchase shares in a default investment alternative. The investment option must be specified by the Public Employees Retirement Association board of trustees from the designated available investment options authorized under this section.

(c) A participant may revise the investment allocation for subsequent purchase of shares, and a participant or former participant may also change the investment options selected for all or a portion of shares previously purchased.

(d) Any investment allocation selection authorized under this subdivision, whether relating to subsequent purchases of new shares or reallocating the existing portfolio, must be conducted at times and under procedures prescribed by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 17. Minnesota Statutes 2012, section 354.44, subdivision 5, is amended to read:

Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that all or a portion of the annuity payments must be deferred during the calendar year immediately

following the fiscal year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-half of the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the fiscal year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the fiscal year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that fiscal year.

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of salary.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

(e) For the purpose of this subdivision, salary from teaching service includes all salary or income earned as a teacher as defined in section 354.05, subdivision 2, paragraph (a), clause (1). Salary from teaching service also includes, but is not limited to:

(1) all income for services performed as a consultant or an independent contractor for, or third-party supplier, or as an employee of a consultant, independent contractor, or third-party supplier, to an employer unit covered by the provisions of this chapter; and

(2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor, or third-party supplier, or as an employee of a consultant, independent contractor, or third-party supplier, in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

(f) Notwithstanding other paragraphs of this subdivision, if the reemployed annuitant has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1, the portion payable to the former spouse must not be deferred.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 18. Minnesota Statutes 2012, section 354.48, subdivision 6a, is amended to read:

Subd. 6a. **Medical adviser; duties.** ~~The state commissioner of health or a licensed physician on the staff of the Department of Health who is designated by the commissioner is the medical adviser of~~ The executive director may contract with an accredited independent organization specializing in disability determinations, licensed physicians, or physicians on the staff of the commissioner of health as designated by the commissioner, to be the medical adviser to the executive director. ~~The medical adviser shall designate licensed physicians, licensed chiropractors, or licensed psychologists with respect to a mental impairment, who shall examine applicants for disability benefits. The medical adviser shall pass upon all expert reports based on any examinations performed in order to determine whether a teacher is totally and permanently disabled as defined in section 354.05, subdivision 14. The medical adviser shall also investigate all health and medical statements and certificates by or on behalf of a teacher in connection with a disability benefit, and shall report in writing to the director setting forth any conclusions and recommendations on all matters referred to the medical adviser.~~

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 19. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on January 1, until funding stability is restored, as follows:

(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year; or

(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but not less than 11 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and

(3) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless section 26 applies, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to one percent; or

(4) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, unless section 26 applies, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on each January 1 following the restoration of funding stability as defined under paragraph (c) and during the continuation of funding stability as defined under paragraph (c), as follows:

(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent; and

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.

(c) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section

356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

(d) After having met the definition of funding stability under paragraph (c), a full or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies, rather than adjustments under paragraph (b), is again applied in a subsequent year or years if the market value of assets of the public employees police and fire retirement plan equals or is less than:

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(e) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

EFFECTIVE DATE. This section is effective the day following final enactment and the amendments to this section expire on February 2, 2015.

Sec. 20. Minnesota Statutes 2012, section 356.635, subdivision 6, is amended to read:

Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

(1) an individual retirement account under section 408(a) or 408A of the federal Internal Revenue Code;

(2) an individual retirement annuity plan under section 408(b) of the federal Internal Revenue Code;

(3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

(4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code that accepts the distributee's eligible rollover distribution;

(5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

(6) an eligible deferred compensation plan under section 457(b) of the federal Internal Revenue Code, which is maintained by a state or local government and which agrees to separately account for the amounts transferred into the plan; or

(7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an individual account or annuity treated as an inherited individual retirement account under section 402(c)(11) of the federal Internal Revenue Code.

(b) For distributions of after-tax contributions which are not includable in gross income, the after-tax portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the federal Internal Revenue Code, to a Roth individual retirement account described in section 408A of the federal Internal Revenue Code, or to a qualified plan described in either section 401(a) of the federal Internal Revenue Code or ~~403(a)~~ to an annuity contract described in section 403(b) of the federal Internal Revenue Code, that agrees to separately account for the

amounts transferred, including separately accounting for the portion of the distribution which is includable in gross income and the portion of the distribution which is not includable.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. [356.645] INVESTMENT OF VARIOUS DEFINED CONTRIBUTION PLAN ASSETS.

The State Board of Investment shall determine the investments to be made available to plan participants in plans defined in sections 352.965 and 352.98 and chapters 352D and 353D. Investments made available to plan participants must include at least one or more of the following:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17;
- (2) saving accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;
- (4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;
- (5) investment options from a firm that is a registered investment adviser under the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21; and
- (6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1).

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 22. [356.646] PLAN PARTICIPANT INVESTMENT RESPONSIBILITY.

Subdivision 1. **Member investment responsibility.** The state, State Board of Investment and its executive director and staff, plan administrators and their staff, and participating public employers are not liable and are not responsible for any investment losses due to choices made by participants or due to qualified default investment alternatives.

Subd. 2. **Application.** This section applies to the:

- (1) Minnesota state deferred compensation plan, established under section 352.965;
- (2) health care savings plan, established under section 352.98;
- (3) unclassified employees retirement program, established under chapter 352D;
- (4) public employees defined contribution plan, established under chapter 353D;
- (5) individual retirement account plan, established under chapter 354B;
- (6) higher education supplemental retirement plan, established under chapter 354C; and
- (7) Arts Board and Humanities Commission individual retirement account plan, established under chapter 354D.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 23. Minnesota Statutes 2013 Supplement, section 356.91, is amended to read:

356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.

(a) Upon written authorization of a person receiving an annuity from a public pension fund administered by the Minnesota State Retirement System ~~or~~^{or}, the Public Employees Retirement Association, or the Teachers Retirement Association, the executive director of the public pension fund shall deduct from the retirement annuity an amount requested by the annuitant to be paid as membership dues or other payments to any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees of which the annuitant is a member and shall, on a monthly basis, pay the amount to the organization so designated by the annuitant.

(b) A pension fund and the plan fiduciaries which authorize or administer deductions of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

(c) Any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees may conduct blind mailings to the annuitants of a retirement system specified in paragraph (a) by requesting that the retirement system mail voluntary membership information and dues deduction cards to annuitants. Such mailings shall not be for the purpose of supporting or opposing any candidate, political party, or ballot measure. The organization requesting the blind mailing shall pay all costs associated with these mailings, including but not limited to copying, labeling, mailing, postage, and record keeping. In lieu of administering a blind mailing in-house, a retirement system may transmit annuitant data necessary for conducting a blind mailing to a mail center pursuant to a secure data share agreement with the mail center which provides that neither the organization nor any other entity shall have direct access to the data transmitted by the retirement system. The retirement system shall have no obligation to approve or disapprove, or otherwise be responsible for, the content of the mailings. No organization shall conduct more than two blind mailings per calendar year.

EFFECTIVE DATE. This section is effective July 2, 2015.

Sec. 24. Minnesota Statutes 2013 Supplement, section 363A.36, subdivision 1, is amended to read:

Subdivision 1. **Scope of application.** (a) For all contracts for goods and services in excess of \$100,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than 40 full-time employees within this state on a single working day during the previous 12 months, unless the commissioner is in receipt of the business' affirmative action plan for the employment of minority persons, women, and qualified disabled individuals. No department or agency of the state shall execute any such contract or agreement until the affirmative action plan has been approved by the commissioner. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of four years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner.

(b) This paragraph applies to a contract for goods or services in excess of \$100,000 to be entered into between a department or agency of the state and a business that is not subject to paragraph

(a), but that has more than 40 full-time employees on a single working day during the previous 12 months in the state where the business has its primary place of business. A department or agency of the state may not execute a contract or agreement with a business covered by this paragraph unless the business has a certificate of compliance issued by the commissioner under paragraph (a) or the business certifies that it is in compliance with federal affirmative action requirements.

(c) This section does not apply to contracts entered into by the State Board of Investment for investment options under section ~~352.965, subdivision 4~~ 356.645.

(d) The commissioner shall issue a certificate of compliance or notice of denial within 15 days of the application submitted by the business or firm.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 25. Laws 2009, chapter 169, article 5, section 2, the effective date, as amended by Laws 2010, chapter 359, article 5, section 27, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment ~~and expires on June 30, 2014. Individuals must not be appointed to a postretirement option position after that date.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. **COUNTY SHERIFF TEMPORARY EARLY RETIREMENT PROVISION.**

Subdivision 1. **Application.** (a) This section applies to a county sheriff who:

(1) terminates membership in the public employees police and fire retirement plan after June 30, 2014, and by the final day in office in January 2015 as reported by the county;

(2) is at least age 50 but less than age 55 on the date of termination;

(3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision 47, and meets all applicable requirements for receipt of an early retirement annuity from the plan; and

(4) has as the benefit effective date the day following termination of public employees police and fire retirement plan membership.

(b) Notwithstanding any provision of Minnesota Statutes, section 353.651, subdivision 4, to the contrary, the early retirement annuity applicable to an eligible person under paragraph (a) is the applicable benefit specified in subdivision 2.

Subd. 2. **Early retirement annuity.** (a) If an eligible person became a public employees police and fire retirement plan member after June 30, 2007, or was a former member who was reinstated as a member after that date, the person is entitled, upon application, to the normal annuity calculated under Minnesota Statutes, section 353.651, subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) If an eligible person became a public employees police and fire retirement plan member before July 1, 2007, and is covered under paragraph (a), the person is entitled, upon application, to the normal annuity calculated under Minnesota Statutes, section 353.651, subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

(c) If an eligible person is not fully vested, the annuity computed under this section must be reduced accordingly.

Subd. 3. **Expiration.** This section expires January 1, 2016.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. **COUNTY SHERIFF TEMPORARY PROVISION; APPLICATION OF POSTRETIREMENT ADJUSTMENT WAITING PERIOD.**

Subdivision 1. **Application.** Notwithstanding any provision of Minnesota Statutes, section 356.415, subdivision 1c, paragraph (a), to the contrary, this section applies to a county sheriff who:

(1) terminates membership in the public employees police and fire retirement plan after June 30, 2014, and by the final day in office in January 2015 as reported by the county;

(2) is at least age 50 on the date of membership termination;

(3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision 47, and meets all applicable requirements for receipt of a retirement annuity from the public employees police and fire retirement plan; and

(4) has as the effective date for the commencement of the retirement annuity the day following the date on which termination of public employees police and fire retirement plan membership occurs.

Subd. 2. **Waiting period for initial postretirement adjustment eligibility.** A person to whom subdivision 1 applies is eligible to receive the initial postretirement adjustment under Minnesota Statutes, section 356.415, subdivision 1c, paragraph (a), clause (1) or (2), whichever applies, rather than under Minnesota Statutes, section 356.415, subdivision 1c, paragraph (a), clause (3) or (4).

Subd. 3. **Expiration.** This section expires February 2, 2015.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 28. **REPEALER.**

Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision 5; 352D.04, subdivision 1; and 353D.05, subdivision 2, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2014.

ARTICLE 14

ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS

Section 1. **PERA-POLICE AND FIRE; DISABILITY BENEFIT APPLICATION DEADLINE EXTENSION FOR CERTAIN WADENA COUNTY SHERIFF'S DEPUTIES.**

(a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or 353.656, to the contrary, an eligible person described in paragraph (b) is authorized to file an application for a disability benefit from the public employees police and fire retirement plan retroactively from the date of a shooting event in which the person was involved on March 11, 2006.

(b) An eligible person is a person who:

(1) was born on August 11, 1971;

(2) was initially employed as a deputy sheriff by Wadena County on March 9, 2006;

(3) was, by virtue of law enforcement employment, a member of the public employees police and fire retirement plan;

(4) was involved in the nonfatal shooting incident of a gun-wielding suspect near Sebelia, Minnesota, on March 11, 2006, without being physically injured;

(5) resigned from the Wadena County sheriff's department in October 2010 after being treated for mental health issues for the prior six months; and

(6) failed to apply for a mental health-related disability benefit by the November 11, 2007, deadline for applying for a disability benefit from the public employees police and fire retirement plan based on the March 11, 2006, shooting incident.

(c) If the eligible person files a disability benefit application under paragraph (a) on or before the expiration date specified in paragraph (d), and if the eligible person is determined by the Public Employees Retirement Association as being disabled while in the line of duty as a result of the March 11, 2006, shooting incident, the eligible person is entitled to receive a duty disability benefit from the public employees police and fire retirement plan under Minnesota Statutes, section 353.656, subdivision 1 or 1a, including retroactive benefit payments from April 1, 2006.

(d) The authority for the eligible person to file a disability benefit application under paragraph (a) expires on July 1, 2015.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. PERMITTING THE PURCHASE OF SALARY CREDIT BY CERTAIN CURRENT AND FORMER CITY OF DULUTH OR DULUTH AIRPORT AUTHORITY EMPLOYEES COVERED BY THE GENERAL EMPLOYEES RETIREMENT PLAN OR THE PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN.

Subdivision 1. **Authorization.** Due to a Court of Appeals determination that certain salary-supplement payments, provided to certain city of Duluth and Duluth Airport Authority employees and deposited in the employee's deferred compensation account, should have been considered salary for pension purposes, an eligible person is authorized to receive the treatment specified in this section if the eligible person chooses to make the employee contribution equivalent payment specified in this section.

Subd. 2. **Eligible person.** (a) An eligible person:

(1) is a current or former employee of the city of Duluth or the Duluth Airport Authority, employed by that governmental subdivision between August 1, 2007, and December 31, 2011;

(2) was a participating member of the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire retirement plan for that employment; and

(3) had employer-paid amounts made to the person's deferred compensation account for which contributions were not made to the applicable Public Employees Retirement Association plan fund between August 1, 2007, and December 31, 2011, or the date of the employee's termination of public service under Minnesota Statutes, section 353.01, subdivision 11a, whichever is earlier, due to an erroneous application of law under which the Public Employees Retirement Association executive

director and board concluded that these employer-paid amounts were not salary for pension purposes under Minnesota Statutes, section 353.01, subdivision 10.

(b) A surviving spouse, as defined in this paragraph, is an eligible person for purposes of this section. A surviving spouse means:

(1) the surviving spouse of an eligible person as defined in paragraph (a) who, at the time of the eligible person's death, was a deferred annuitant of a Public Employees Retirement Association plan specified in this section;

(2) the surviving spouse of an eligible person as defined in paragraph (a) receiving benefits under a joint and survivor annuity from a Public Employees Retirement Association plan specified in this section; or

(3) the surviving spouse of an eligible person as defined in paragraph (a) receiving a survivor benefit under Minnesota Statutes, section 353.657.

Subd. 3. **Employee contributions.** An eligible person may make payment of an employee contribution equivalent amount to the fund of the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire retirement plan, whichever provided the coverage. The employee contribution equivalent amount is the amount of employee contributions that would have been made by the employee based on the employer-paid amounts made to the person's deferred compensation account for the period specified in subdivision 2, and the employee contribution rates to the applicable Public Employees Retirement Association plan during that period. If an employee contribution equivalent amount is paid, it must be made in full and in a lump sum.

Subd. 4. **Employer contributions.** (a) If an eligible person makes the employee equivalent contribution under subdivision 3, the city of Duluth or the Duluth Airport Authority, whichever is the applicable employing unit, may make the corresponding employer contributions, plus any employer supplemental and employer additional contributions required by law during the applicable time period.

(b) Any contributions specified under this subdivision must be based on the employer-paid amounts referred to in subdivision 2, and the contribution rates applicable during the time period for regular employer contributions, and any employer supplemental and employer additional contributions, if applicable.

(c) Within 30 days of receipt by the executive director of the Public Employees Retirement Association of employee equivalent contributions under subdivision 3, the executive director shall notify the city of Duluth or the Duluth Airport Authority, whichever is the applicable employer, of amounts due under this subdivision. If the employer chooses to make the payment specified in this subdivision, payment shall be remitted by the applicable employer to the executive director for deposit in the applicable fund within 30 days of notification. If payment is not made in full within that time period, the executive director shall collect the necessary amounts by applying Minnesota Statutes, section 353.28, subdivision 6.

Subd. 5. **Benefit adjustments.** Upon receipt of the applicable employee equivalent contribution under subdivision 3 from an eligible person, the executive director shall revise the records of the Public Employees Retirement Association and grant the person the additional salary credit. If a retirement, disability, or survivor annuity has commenced, the executive director must adjust the

benefit being paid to include in the calculation the additional salary on which contributions were paid, and the adjusted benefit must be paid retroactive from the effective date of the initial benefit payment under the annuity.

Subd. 6. **Restrictions.** This section does not apply if service credit and other rights under the plan were forfeited by taking a refund.

Subd. 7. **Treatment of interest.** Notwithstanding any provision in Minnesota Statutes, chapter 353, to the contrary, all payments specified in this section made by an eligible person to the executive director for deposit in the applicable Public Employees Retirement Association fund are to be made without interest. Any payments required from the employer under this section are also without interest, provided the employer makes the payment to the executive director within 30 days of notification. Interest shall be charged, as specified in Minnesota Statutes, section 353.28, on any employer obligations not paid within the 30-day period.

Subd. 8. **Notification; counseling.** The executive director shall notify all active members, deferred members, retirees, and survivors to whom this section may apply and shall provide counseling regarding the implications of this section, including payment requirements and likely adjustments in current or future benefit amounts if employee equivalent contributions as specified in this section are made.

Subd. 9. **Expiration of salary credit purchase authority.** Payment of employee contribution equivalent amounts, as authorized under this section, is prohibited after October 31, 2014.

Subd. 10. **Ratification.** Actions taken before the effective date of this section by the executive director and board of the Public Employees Retirement Association, the city of Duluth, the Duluth Airport Authority, and eligible persons which are otherwise consistent with this section are ratified.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. PERA-GENERAL; HENNEPIN COUNTY ELECTED SERVICE CREDIT PURCHASE.

(a) Notwithstanding any provision of Minnesota Statutes, chapters 353 and 353D, or other law to the contrary, an eligible person described in paragraph (b) is entitled to purchase allowable service credit from the coordinated program of the general employees retirement plan of the Public Employees Retirement Association for the period of service as an elected county commissioner for Hennepin County that is not otherwise covered under Minnesota Statutes, chapter 353, if the eligible person makes the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on November 18, 1946; and

(2) was first elected as a Hennepin County commissioner in November 1978 and was sworn in as a commissioner on January 2, 1979.

(c) If the eligible person described in paragraph (b) elects to participate in the general employees retirement plan of the Public Employees Retirement Association governed by Minnesota Statutes, chapter 353, effective on the first day of the month next following the effective date of this section, the eligible person may apply to the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in

writing and must be accompanied with necessary documentation of the applicability of this section and of any other relevant information that the executive director may require.

(d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the coordinated program of the general employees retirement plan of the Public Employees Retirement Association to the eligible person upon the receipt of the prior service credit purchase payment amount required under Minnesota Statutes, section 356.551. The payment obligation must be offset first by a transfer of the account balance to the credit of the eligible person from the defined contribution plan of the Public Employees Retirement Association. If that transfer is insufficient, the balance of the service credit purchase payment may be made from amounts to the credit of the eligible person under Minnesota Statutes, section 352.965 or 383B.46.

(e) If, before July 1, 2018, the interest rate actuarial assumption, the mortality actuarial assumption, or both actuarial assumptions of the general employees retirement plan of the Public Employees Retirement Association are modified and the net result of any modification is to increase the actuarial accrued liability of the retirement plan, the eligible person, as a condition of a continued receipt of an annuity from the retirement plan, shall reimburse the retirement fund for the amount of the increase in required reserves for the annuity, determined as the difference between the present value of the annuity on the effective date of the assumption change or changes before the assumption change or changes and after the assumption change or changes. The executive director shall certify the amount due, if any, to the eligible person and payment is due 30 days later.

(f) Authority for an eligible person to make the prior service credit purchase under this section expires on December 31, 2015, or upon the termination of service as a Hennepin County commissioner, whichever is earlier.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. PERA-P&F; MILLE LACS BAND PRIOR SERVICE CREDIT PURCHASE AUTHORIZED.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit in the public employees police and fire retirement plan for the period specified in paragraph (c) by remitting the payment calculated under paragraph (d).

(b) An eligible person is a person who:

(1) was born on June 28, 1966;

(2) was initially employed as a full-time police officer by the Mille Lacs tribal police department on October 29, 1998;

(3) was initially employed as a part-time police officer by the city of Onamia on July 28, 2002;

(4) was initially employed as a part-time police officer by the city of Pierz on March 14, 2013;
and

(5) is an active member of the public employees police and fire retirement plan.

(c) The period of Mille Lacs tribal police department employment available for purchase is the two-year period of Mille Lacs tribal police department employment immediately preceding initial active membership in the public employees police and fire retirement plan in that capacity.

(d) The full actuarial value prior service credit purchase payment amount must be calculated under Minnesota Statutes, section 356.551.

(e) The eligible person must provide the executive director of the Public Employees Retirement Association with any relevant requested information pertaining to the service credit purchase.

(f) Authority to make a service credit purchase under this section expires on June 30, 2015, or upon the eligible person's termination from public employment as defined under Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF PAST SERVICE CREDIT.

(a) An eligible person described in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995, upon making an election under paragraph (c) and upon making all required payments under paragraphs (d) and (e).

(b) An eligible person is a person who:

(1) was born on October 29, 1957;

(2) has been employed at Mesabi Range Community and Technical College as an instructor since 1993;

(3) in 1994 was classified in the unlimited part-time category;

(4) became eligible for and was covered by the higher education individual retirement account plan in January 1994; and

(5) was not offered an election of Teachers Retirement Association coverage, as required under Laws 1994, chapter 508, article 1, section 10.

(c) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences as of September 1, 2014, for an applicable eligible person, and past salary and service credit is granted from January 1, 1995, as specified in this section, following receipt by the executive director of the written application specified in this paragraph and receipt of the payments specified in paragraphs (d) and (e). The authority granted by this section is voided if the applicable eligible individual terminates from Minnesota State Colleges and Universities system employment prior to receipt by the executive director of the Teachers Retirement Association of the application specified in this paragraph and amounts specified in paragraphs (d) and (e). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(d) If an eligible person makes an election under paragraph (c), the eligible person shall make, before September 1, 2014, a contribution equal to the excess, if any, of the employee contributions that the individual would have made if the Teachers Retirement Association had provided coverage from January 1, 1995, rather than the individual retirement account plan. These

additional contribution amounts shall include 8.5 percent annual compound interest computed from the date the contribution would have been made if deducted from salary until paid. The total amount to be paid under this paragraph shall be determined by the executive director of the Teachers Retirement Association and written notification of the amount required under this paragraph should be transmitted to the eligible individual.

(e) If payment is made under paragraph (d), the value of the applicable eligible person's higher education individual retirement account plan account shall be determined as of September 1, 2014, and that account value shall be transferred to the Teachers Retirement Association on or before September 15, 2014.

(f) The Teachers Retirement Association shall determine the full actuarial value imposed upon the Teachers Retirement Association under this section due to the salary and service credit purchase.

(g) From the total amount computed under paragraph (f), the executive director of the Teachers Retirement Association shall subtract the amounts received under paragraphs (d) and (e). The Minnesota State Colleges and Universities system is authorized to transmit the remaining amount, if any, to the executive director of the Teachers Retirement Association.

(h) Any payment amount specified from the Minnesota State Colleges and Universities system under paragraph (g) shall be transmitted to the Teachers Retirement Association within one month following receipt of amounts transmitted under paragraphs (d) and (e), and following notification from the executive director of the Teachers Retirement Association. If a payment from the Minnesota State Colleges and Universities system specified under paragraph (g) is not made, the executive director of the Teachers Retirement Association must notify the commissioner of Minnesota Management and Budget of this fact and that commissioner must order that amounts specified under paragraph (g) shall be deducted from appropriations or state aid to the Minnesota State Colleges and Universities system and be transmitted to the Teachers Retirement Association.

EFFECTIVE DATE. This section is effective the day following final enactment."

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1772 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1425, 2236, 2293, 2695, 2853, 2701 and 1951 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Senator Brown introduced—

S.F. No. 2972: A resolution expressing concern for the worldwide growth in the persecution of Christians.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Senators Rosen, Nelson and Senjem introduced –

Senate Resolution No. 239: A Senate resolution honoring the Auxiliary at Mayo Clinic Health System in Fairmont on their 60th anniversary.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Senator Bakk moved that the Senate take up the Confirmation Calendar. The motion prevailed.

CONFIRMATION

Senator Sieben moved that the report from the Committee on Rules and Administration, reported April 24, 2014, pertaining to appointments to the Campaign Finance and Public Disclosure Board, be taken from the table. The motion prevailed.

Senator Sieben moved that the foregoing report be now adopted. The motion prevailed.

Senator Sieben moved that in accordance with the report from the Committee on Rules and Administration, reported April 24, 2014, the Senate, having given its advice, do now consent to and confirm the appointment of:

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

Edward Oliver, 20230 Cottagewood Rd., Deephaven, Hennepin County, effective June 30, 2013, for a term expiring on January 2, 2017.

Christian Sande, 2637 1/2 Humboldt Ave. S., Minneapolis, Hennepin County, effective October 9, 2013, to complete a term expiring on January 5, 2015.

The motion prevailed. So the appointments were confirmed.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. No. 2576, S.F. No. 2065, H.F. Nos. 1926, 2733 and 3014.

SPECIAL ORDER

H.F. No. 2576: A bill for an act relating to criminal justice; modifying provisions governing expungement of criminal records; requiring business screening services to delete expunged records; allowing expungement of eviction records in certain cases; appropriating money; amending Minnesota Statutes 2012, sections 245C.22, subdivision 7; 245C.23, subdivision 1; 260B.198, subdivision 6; 332.70, by adding a subdivision; 504B.345, subdivision 1; 609A.02, subdivision

3; 609A.03, subdivisions 1, 5, 7, 8, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609A.

Senator Champion moved to amend H.F. No. 2576, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2214.)

Page 7, line 32, strike "and"

Page 7, line 35, strike the period and insert "; and"

Page 7, after line 35, insert:

"(4) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Board of Teaching or the licensing division of the Minnesota Department of Education."

Page 8, line 7, after the comma, insert "the Board of Teaching, or the licensing division of the Minnesota Department of Education,"

Page 8, line 8, delete "commissioner" and insert "requesting entity"

Page 8, line 9, after "(3)" insert "or (4)"

The motion prevailed. So the amendment was adopted.

Senator Hall moved to amend H.F. No. 2576, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2214.)

Page 3, line 17, delete "one" and insert "two"

Page 3, line 21, delete "three" and insert "six"

Page 3, line 24, delete "five" and insert "ten"

CALL OF THE SENATE

Senator Latz imposed a call of the Senate for the balance of the proceedings on H.F. No. 2576. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Hall amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Kiffmeyer	Ortman	Senjem
Benson	Hall	Limmer	Osmek	Thompson
Brown	Hann	Miller	Pratt	Weber
Chamberlain	Housley	Newman	Rosen	Westrom
Dahms	Ingebrigtsen	Nienow	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sieben
Bonoff	Eaton	Johnson	Petersen, B.	Skoe
Carlson	Eken	Kent	Reinert	Sparks
Champion	Franzen	Koenen	Rest	Stumpf
Clausen	Goodwin	Latz	Saxhaug	Torres Ray
Cohen	Hawj	Lourey	Scalze	Wiger
Dahle	Hayden	Marty	Schmit	Wiklund
Dibble	Hoffman	Metzen	Sheran	

The motion did not prevail. So the amendment was not adopted.

H.F. No. 2576 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 41 and nays 25, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Kent	Reinert	Stumpf
Bonoff	Eken	Koenen	Rest	Thompson
Carlson	Franzen	Latz	Saxhaug	Torres Ray
Champion	Goodwin	Lourey	Scalze	Wiger
Clausen	Hawj	Marty	Schmit	Wiklund
Cohen	Hayden	Metzen	Sheran	
Dahle	Hoffman	Osmek	Sieben	
Dibble	Jensen	Pappas	Skoe	
Dziedzic	Johnson	Petersen, B.	Sparks	

Those who voted in the negative were:

Anderson	Fischbach	Ingebrigtsen	Newman	Rosen
Benson	Gazelka	Kiffmeyer	Nienow	Ruud
Brown	Hall	Limmer	Ortman	Senjem
Chamberlain	Hann	Miller	Pederson, J.	Weber
Dahms	Housley	Nelson	Pratt	Westrom

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2065: A bill for an act relating to labor and industry; extending an independent contractor registration pilot project; amending Minnesota Statutes 2012, section 181.723, subdivisions 4, 4a, 5, 7; proposing coding for new law in Minnesota Statutes, chapter 326B.

Senator Bakk moved to amend S.F. No. 2065 as follows:

Page 6, after line 2, insert:

"Sec. 28. Minnesota Statutes 2012, section 326B.988, is amended to read:

326B.988 EXCEPTIONS.

(a) The provisions of sections 326B.93 to 326B.998 shall not apply to:

- (1) boilers and pressure vessels in buildings occupied solely for residence purposes with accommodations for not more than five families;
- (2) railroad locomotives operated by railroad companies for transportation purposes;
- (3) air tanks installed on the right-of-way of railroads and used directly in the operation of trains;

- (4) boilers and pressure vessels under the direct jurisdiction of the United States;
- (5) unfired pressure vessels having an internal or external working pressure not exceeding 15 psig with no limit on size;
- (6) pressure vessels used for storage of compressed air not exceeding five cubic feet in volume and equipped with an ASME code stamped safety valve set at a maximum of 100 psig;
- (7) pressure vessels having an inside diameter not exceeding six inches;
- (8) every vessel that contains water under pressure, including those containing air that serves only as a cushion, whose design pressure does not exceed 300 psig and whose design temperature does not exceed 210 degrees Fahrenheit;
- (9) boiler or pressure vessels located on farms used solely for agricultural or horticultural purposes; for purposes of this section, boilers used for mint oil extraction are considered used for agricultural or horticultural purposes, provided that the owner or lessee complies with the inspection requirements contained in section 326B.958;
- (10) tanks or cylinders used for storage or transfer of liquefied petroleum gases;
- (11) unfired pressure vessels in petroleum refineries;
- (12) an air tank or pressure vessel which is an integral part of a passenger motor bus, truck, or trailer;
- (13) hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;
- (14) hot water supply boilers (water heaters) not exceeding a heat input of 500,000 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity of 120 gallons, or a pressure of 160 psig;
- (15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;
- (16) pressure vessels operated full of water or other liquid not materially more hazardous than water, if the vessel's contents' temperature does not exceed 210 degrees Fahrenheit or a pressure of 200 psig;
- (17) steam-powered turbines at papermaking facilities which are powered by steam generated by steam facilities at a remote location;
- (18) manually fired boilers for model locomotive, boat, tractor, stationary engine, or antique motor vehicles constructed or maintained only as a hobby for exhibition, educational or historical purposes and not for commercial use, if the boilers have an inside diameter of 12 inches or less, or a grate area of two square feet or less, and are equipped with an ASME stamped safety valve of adequate size, a water level indicator, and a pressure gauge;
- (19) any pressure vessel used as an integral part of an electrical circuit breaker;
- (20) pressure vessels used for the storage of refrigerant if they are built to ASME code specifications, registered with the national board, and equipped with an ASME code-stamped pressure-relieving device set no higher than the maximum allowable working pressure of the vessel. This does not include pressure vessels used in ammonia refrigeration systems;

(21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide, argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME or Minnesota Department of Transportation specifications and equipped with an ASME code-stamped pressure-relieving device. The owner of the vessels shall perform annual visual inspections and planned maintenance on these vessels to ensure vessel integrity;

(22) pressure vessels used for the storage of compressed air for self-contained breathing apparatuses;

(23) hot water heating or other hot liquid boilers vented directly to the atmosphere; and

(24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or less.

(b) An engineer's license is not required for hot water supply boilers.

(c) An engineer's license and annual inspection by the department is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, and a pressure of 15 psig.

(d) Electric boilers not exceeding a maximum working pressure of 50 psig, maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.

(e) Sawmills, located in a county with a population of less than 8,000 according to the last federal census and that utilize steam for the drying of lumber, are not required to meet the high pressure boiler attendance requirements set forth in Minnesota Rules, part 5225.1180, only if all of the following conditions are met:

(1) the owner complies with the inspection requirements under section 326B.958, and the licensing requirements under section 326B.972; and

(2) the boiler:

(i) is equipped with electronic control systems that are remotely operated but which require on site manual reset of system faults;

(ii) is remotely monitored for log water levels, boiler pressure, and steam flow;

(iii) has automatic safety mechanisms built into the remote monitoring systems that send an alarm upon detection of a fault condition;

(iv) has a water treatment program that is supervised by a third party water treatment company; and

(v) is attended on site by a licensed boiler operator at least two times in a 24-hour period. If the boiler is not attended more than twice in a 24-hour period, the period between checks must not be less than eight hours.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2065 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 45 and nays 16, as follows:

Those who voted in the affirmative were:

Bakk	Eken	Jensen	Pappas	Sheran
Bonoff	Fischbach	Kent	Pratt	Sieben
Carlson	Franzen	Koenen	Reinert	Skoe
Champion	Goodwin	Latz	Rest	Sparks
Cohen	Hawj	Lourey	Rosen	Stumpf
Dahms	Hayden	Marty	Saxhaug	Weber
Dibble	Hoffman	Metzen	Scalze	Westrom
Dziedzic	Housley	Miller	Schmit	Wiger
Eaton	Ingebrigtsen	Nienow	Senjem	Wiklund

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Pederson, J.
Benson	Hall	Newman	Petersen, B.
Brown	Hann	Ortman	Ruud
Chamberlain	Kiffmeyer	Osmek	Thompson

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1926: A bill for an act relating to natural resources; appropriating money from outdoor heritage fund; modifying restoration evaluation requirements; modifying requirements for acquisition of real property with money from legacy funds; modifying previous parks and trails fund appropriation; amending Minnesota Statutes 2012, sections 84.0272, subdivisions 1, 3; 97A.056, subdivision 10, by adding subdivisions.

Senator Senjem moved to amend H.F. No. 1926, as amended pursuant to Rule 45, adopted by the Senate April 22, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2098.)

Page 28, line 22, after "domain" insert "unless the owner requests that the owner's property be acquired by eminent domain"

Page 28, after line 24, insert:

"Section 1. Minnesota Statutes 2012, section 85.53, subdivision 2, is amended to read:

Subd. 2. **Expenditures; accountability.** (a) A project or program receiving funding from the parks and trails fund must meet or exceed the constitutional requirement to support parks and trails of regional or statewide significance. A project or program receiving funding from the parks and trails fund must include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the results. A project or program must be consistent with current science and incorporate state-of-the-art technology, except when the project or program is a portrayal or restoration of historical significance.

(b) Money from the parks and trails fund shall be expended to balance the benefits across all regions and residents of the state.

(c) A state agency or other recipient of a direct appropriation from the parks and trails fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available.

(d) Grants funded by the parks and trails fund must be implemented according to section 16B.98 and must account for all expenditures. Proposals must specify a process for any regranting envisioned. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(e) Money from the parks and trails fund may only be spent on projects located in Minnesota.

(f) When practicable, a direct recipient of an appropriation from the parks and trails fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(g) Future eligibility for money from the parks and trails fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law.

(h) Money appropriated from the parks and trails fund shall not be spent to acquire property by eminent domain or to acquire property that has previously been acquired by eminent domain unless the owner requests that the owner's property be acquired by eminent domain."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1926 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 50 and nays 10, as follows:

Those who voted in the affirmative were:

Bakk	Eken	Hayden	Limmer	Pederson, J.
Bonoff	Fischbach	Hoffman	Lourey	Pratt
Carlson	Franzen	Housley	Marty	Reinert
Cohen	Gazelka	Ingebrigtsen	Metzen	Rest
Dahms	Goodwin	Jensen	Miller	Rosen
Dibble	Hall	Kent	Newman	Saxhaug
Dziedzic	Hann	Koenen	Ortman	Scalze
Eaton	Hawj	Latz	Pappas	Schmit

Senjem
SheranSieben
SkoeSparks
StumpfWeber
WestromWiger
Wiklund

Those who voted in the negative were:

Anderson
BensonBrown
ChamberlainKiffmeyer
NienowOsmek
Petersen, B.Ruud
Thompson

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2733: A bill for an act relating to natural resources; modifying all-terrain vehicle and off-highway motorcycle provisions; providing for certain regulatory efficiencies; modifying invasive species provisions; modifying definition of snowmobile; prohibiting tampering with off-road recreational vehicle odometers; modifying use of forest trails; modifying outdoor recreation system provisions; modifying Water Law; modifying forestry provisions; modifying provision related to environmental impact statements; amending Minnesota Statutes 2012, sections 17.4982, subdivision 18a; 84.027, subdivisions 13a, 14a; 84.0857; 84.791, subdivision 4; 84.81, subdivision 3; 84.92, subdivisions 8, 9, 10; 84.925, subdivision 3; 84.926, subdivision 4; 84D.01, subdivisions 8, 8b, 13, 15, 17, 18; 84D.03, as amended; 84D.06; 84D.10, subdivision 3; 84D.11, subdivision 2a; 84D.12; 84D.13, subdivision 5; 86A.09; 86A.11; 89A.02; 89A.03, subdivisions 1, 6; 89A.04; 89A.05, subdivisions 1, 3; 89A.06, subdivisions 1, 2, 4; 89A.07; 89A.08, subdivisions 1, 2, 3; 89A.09; 89A.10; 89A.11; 97C.821; 103E.065; 103F.121, subdivisions 2, 5; 103F.165, subdivision 3; 103G.245, subdivision 2; 103G.287, subdivision 2; 103G.305, subdivision 1; 103G.615, subdivision 3a; 116D.04, subdivision 2a; 325E.13, by adding a subdivision; 325E.14, subdivisions 1, 3, 4, 6; Minnesota Statutes 2013 Supplement, sections 84.027, subdivision 13; 84.9256, subdivision 1; 84D.10, subdivision 4; 84D.105, subdivision 2; 103C.311, subdivision 2; 103G.287, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 89A; repealing Minnesota Statutes 2012, sections 84.521; 89.01, subdivision 7; 89A.05, subdivisions 2a, 4; 89A.06, subdivision 2a; 103F.121, subdivisions 3, 4; 103F.165, subdivision 2.

Senator Marty moved to amend H.F. No. 2733, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2191.)

Page 6, after line 15, insert:

"Sec. 10. Minnesota Statutes 2012, section 84D.01, subdivision 8b, is amended to read:

Subd. 8b. **Inspect.** "Inspect" means to examine water-related equipment to determine whether aquatic invasive species, aquatic macrophytes, or water is present and includes removal, drainage, decontamination, collection and sampling, or treatment to prevent the transportation and spread of aquatic invasive species, aquatic macrophytes, and water."

Page 13, line 14, after "least" insert "15 days prior to the public meeting and shall accept comments on the plan for at least"

Page 13, line 16, after "approval" insert ". The managing agency shall prepare a record of the public meeting and any comments received during the comment period"

Page 17, after line 3, insert:

"Sec. 29. Minnesota Statutes 2013 Supplement, section 103G.287, subdivision 4, is amended to read:

Subd. 4. **Groundwater management areas.** (a) The commissioner may designate groundwater management areas and limit total annual water appropriations and uses within a designated area to ensure sustainable use of groundwater that protects ecosystems, water quality, and the ability of future generations to meet their own needs. Water appropriations and uses within a designated management area must be consistent with a groundwater management area plan approved by the commissioner that addresses water conservation requirements and water allocation priorities established in section 103G.261. At least 30 days prior to implementing or modifying a groundwater management area plan under this subdivision, the commissioner shall consult with the advisory team established in paragraph (c).

(b) Notwithstanding section 103G.271, subdivision 1, paragraph (b), and Minnesota Rules, within designated groundwater management areas, the commissioner may require general permits as specified in section 103G.271, subdivision 1, paragraph (c), for water users using less than 10,000 gallons per day or 1,000,000 gallons per year and water suppliers serving less than 25 persons for domestic purposes. The commissioner may waive the requirements under section 103G.281 for general permits issued under this paragraph, and the fee specified in section 103G.301, subdivision 2, paragraph (c), does not apply to general permits issued under this paragraph.

(c) When designating a groundwater management area, the commissioner shall assemble an advisory team to assist in developing a groundwater management area plan for the area. The advisory team members shall be selected from public and private entities that have an interest in the water resources affected by the groundwater management area. A majority of the advisory team members shall be public and private entities that currently hold water use permits for water appropriations from the affected water resources. The commissioner shall consult with the League of Minnesota Cities, the Association of Minnesota Counties, and the Minnesota Association of Townships in appointing the local government representatives to the advisory team. The advisory team may also include representatives from the University of Minnesota, the Minnesota State Colleges and Universities, and federal agencies."

Page 17, line 31, before the period, insert ", including a connection to the Minnesota River State Trail authorized in Minnesota Statutes, section 85.015, subdivision 22"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Hoffman moved to amend H.F. No. 2733, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2191.)

Page 14, after line 34, insert:

"Sec. 23. Minnesota Statutes 2012, section 97C.417, is amended to read:

97C.417 REPORTING ASIAN INVASIVE CARP.

A person who takes any of the following Asian invasive carp species must report the type of carp taken to the commissioner within seven days of taking:

- (1) grass carp (*Ctenopharyngodon idella*);
- (2) bighead carp (*Hypophthalmichthys nobilis*); or
- (3) silver carp (*Hypophthalmichthys molitrix*).

EFFECTIVE DATE. This section is effective the day following final enactment."

Page 17, after line 34, insert:

"Sec. 31. **INVASIVE CARP.**

The commissioner of natural resources shall not propose laws to the legislature that contain the term "Asian carp." The commissioner shall use the term "invasive carp" or refer to the specific species in any proposed laws, rules, or official documents when referring to carp species that are not naturalized to the waters of this state.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Saxhaug moved to amend H.F. No. 2733, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2191.)

Page 17, after line 24, insert:

"Sec. 29. Minnesota Statutes 2012, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment, and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory

environmental assessment worksheet shall not be required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section 41A.105, subdivision 1a, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment worksheet is prepared shall be the state agency with the greatest responsibility for supervising or approving the project as a whole.

A mandatory environmental impact statement shall not be required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section 41A.105, subdivision 1a, clause (1); or a cellulosic biofuel facility, as defined in section 41A.10, subdivision 1, paragraph (d). A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock shall not be considered a fuel conversion facility as used in rules adopted under this chapter.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a Web site that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in the state, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer prior to the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing shall participate. The responsible governmental unit shall establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing. The procedures of section 116C.28, subdivision 2, apply to the consolidated hearing.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or

by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

(i) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pederson, J. moved to amend H.F. No. 2733, as amended pursuant to Rule 45, adopted by the Senate April 10, 2014, as follows:

(The text of the amended House File is identical to S.F. No. 2191.)

Page 5, after line 30, insert:

"Sec. 8. Minnesota Statutes 2012, section 84.926, subdivision 2, is amended to read:

Subd. 2. **All-terrain vehicles; managed or limited forests; off trail.** Notwithstanding section 84.777, but subject to the commissioner's authority under subdivision 5, on state forest lands classified as managed or limited, other than the Richard J. Dorer Memorial Hardwood Forest, a person may use an all-terrain vehicle off forest trails or forest roads when:

(1) hunting big game or transporting or installing hunting stands during October, November, and December, when in possession of a valid big game hunting license;

(2) transporting or installing hunting stands or bait in August and retrieving big game in September, when in possession of a valid big game hunting license;

(3) tending traps during an open trapping season for protected furbearers, when in possession of a valid trapping license; or

(4) trapping minnows, when in possession of a valid minnow dealer, private fish hatchery, or aquatic farm license."

Page 6, line 7, before "retrieving" insert "transporting or installing hunting stands or bait in August and"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Petersen, B.	Stumpf
Benson	Hall	Miller	Pratt	Thompson
Brown	Hann	Newman	Rosen	Tomassoni
Chamberlain	Housley	Nienow	Saxhaug	Weber
Dahms	Ingebrigtsen	Ortman	Senjem	Westrom
Eken	Kiffmeyer	Osmek	Skoe	
Fischbach	Koenen	Pederson, J.	Sparks	

Those who voted in the negative were:

Bonoff	Eaton	Jensen	Reinert	Sieben
Carlson	Franzen	Kent	Rest	Wiger
Champion	Goodwin	Latz	Ruud	Wiklund
Cohen	Hawj	Marty	Scalze	
Dibble	Hayden	Metzen	Schmit	
Dziedzic	Hoffman	Pappas	Sheran	

The motion prevailed. So the amendment was adopted.

H.F. No. 2733 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 55 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Eken	Jensen	Ortman	Senjem
Benson	Fischbach	Kent	Pappas	Sheran
Bonoff	Franzen	Kiffmeyer	Pederson, J.	Sieben
Brown	Gazelka	Koenen	Petersen, B.	Skoe
Carlson	Goodwin	Latz	Pratt	Sparks
Chamberlain	Hall	Limmer	Reinert	Stumpf
Champion	Hann	Marty	Rest	Thompson
Cohen	Hawj	Metzen	Rosen	Tomassoni
Dahms	Hayden	Miller	Saxhaug	Weber
Dibble	Housley	Newman	Scalze	Westrom
Dziedzic	Ingebrigtsen	Nienow	Schmit	Wiger

Those who voted in the negative were:

Eaton	Hoffman	Osmek	Ruud	Wiklund
-------	---------	-------	------	---------

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 3014: A bill for an act relating to labor; creating the Public Employment Relations Board; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2012, sections 179A.03, subdivisions 14, 15, by adding a subdivision; 179A.04, subdivision 3; 179A.051; 179A.06, by adding a subdivision; 179A.10, subdivision 1; 179A.13; proposing coding for new law in Minnesota Statutes, chapter 179A.

Senator Pappas moved to amend H.F. No. 3014, the unofficial engrossment, as follows:

Page 13, line 22, before the period, insert ", unless the person or organization has petitioned for mandatory arbitration under section 179.38 asserting an unfair labor practice"

The motion prevailed. So the amendment was adopted.

Senator Dahms moved to amend H.F. No. 3014, the unofficial engrossment, as follows:

Page 1, delete section 2

Page 3, delete section 3

Page 13, delete section 11

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Pappas imposed a call of the Senate for the balance of the proceedings on H.F. No. 3014. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Dahms amendment.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Pederson, J.	Thompson
Benson	Hall	Miller	Petersen, B.	Weber
Brown	Hann	Newman	Pratt	Westrom
Chamberlain	Housley	Nienow	Rosen	
Dahms	Ingebrigtsen	Ortman	Ruud	
Fischbach	Kiffmeyer	Osmeck	Senjem	

Those who voted in the negative were:

Bonoff	Eken	Koenen	Saxhaug	Stumpf
Carlson	Franzen	Latz	Scalze	Tomassoni
Champion	Goodwin	Marty	Schmit	Wiger
Cohen	Hawj	Metzen	Sheran	Wiklund
Dibble	Hoffman	Pappas	Sieben	
Dziedzic	Jensen	Reinert	Skoe	
Eaton	Kent	Rest	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Dahms moved to amend H.F. No. 3014, the unofficial engrossment, as follows:

Page 9, line 14, delete "five" and insert "30"

Page 9, line 15, delete "20" and insert "90"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Chamberlain	Gazelka	Housley	Limmer
Benson	Dahms	Hall	Ingebrigtsen	Miller
Brown	Fischbach	Hann	Kiffmeyer	Newman

Nienow	Pederson, J.	Rosen	Thompson
Ortman	Petersen, B.	Ruud	Weber
Osmek	Pratt	Senjem	Westrom

Those who voted in the negative were:

Bonoff	Eken	Koenen	Rest	Sparks
Carlson	Franzen	Latz	Saxhaug	Tomassoni
Champion	Goodwin	Lourey	Scalze	Wiger
Cohen	Hawj	Marty	Schmit	Wiklund
Dibble	Hoffman	Metzen	Sheran	
Dziedzic	Jensen	Pappas	Sieben	
Eaton	Kent	Reinert	Skoe	

The motion did not prevail. So the amendment was not adopted.

Senator Dahms moved to amend H.F. No. 3014, the unofficial engrossment, as follows:

Page 13, line 32, delete "to 3" and delete "11" and insert "10" and after the period, insert "Sections 2, 3, and 11 are effective July 1, 2016."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Pederson, J.	Sheran
Benson	Hall	Miller	Petersen, B.	Thompson
Brown	Hann	Newman	Pratt	Weber
Chamberlain	Housley	Nienow	Rosen	Westrom
Dahms	Ingebrigtsen	Ortman	Ruud	
Fischbach	Kiffmeyer	Osmek	Senjem	

Those who voted in the negative were:

Bonoff	Eken	Koenen	Rest	Tomassoni
Carlson	Franzen	Latz	Saxhaug	Wiger
Champion	Goodwin	Lourey	Scalze	Wiklund
Cohen	Hawj	Marty	Schmit	
Dibble	Hoffman	Metzen	Sieben	
Dziedzic	Jensen	Pappas	Skoe	
Eaton	Kent	Reinert	Sparks	

The motion did not prevail. So the amendment was not adopted.

RECONSIDERATION

Having voted on the prevailing side, Senator Pappas moved that the vote whereby the Pappas amendment to H.F. No. 3014 was adopted on April 28, 2014, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Senator Pappas withdrew her amendment.

Senator Pappas moved to amend H.F. No. 3014, the unofficial engrossment, as follows:

Page 2, line 10, delete "; 179A.052;" and insert ", 179A.052,"

Page 3, lines 30 and 31, delete the semicolon and insert a comma

Page 7, line 10, after "of" insert a comma

The motion prevailed. So the amendment was adopted.

H.F. No. 3014 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 35 and nays 26, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Koenen	Reinert	Sieben
Bonoff	Eken	Latz	Rest	Skoe
Carlson	Franzen	Lourey	Saxhaug	Sparks
Champion	Hawj	Marty	Scalze	Stumpf
Cohen	Hoffman	Metzen	Schmit	Tomassoni
Dibble	Jensen	Miller	Senjem	Wiger
Dziedzic	Kent	Pappas	Sheran	Wiklund

Those who voted in the negative were:

Anderson	Gazelka	Kiffmeyer	Pederson, J.	Weber
Benson	Goodwin	Limmer	Petersen, B.	Westrom
Brown	Hall	Newman	Pratt	
Chamberlain	Hann	Nienow	Rosen	
Dahms	Housley	Ortman	Ruud	
Fischbach	Ingebrigtsen	Osmek	Thompson	

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2090:

H.F. No. 2090: A bill for an act relating to civil actions; prohibiting certain indemnification agreements; proposing coding for new law in Minnesota Statutes, chapter 604.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Hortman, Scott and Simon have been appointed as such committee on the part of the House.

House File No. 2090 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 28, 2014

Senator Latz moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2090, and that a Conference Committee of 3 members be appointed by the

Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Champion moved that H.F. No. 474 be taken from the table. The motion prevailed.

H.F. No. 474: A bill for an act relating to data practices; classifying data related to automated license plate readers; requiring a log of use; requiring data to be destroyed in certain circumstances; providing criminal penalties; amending Minnesota Statutes 2012, sections 13.05, subdivision 5; 13.055; 13.09; 13.82, by adding a subdivision; 299C.40, subdivision 4.

Senator Champion moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 474, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Bakk from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 663: Senators Johnson, Marty and Osmek.

H.F. No. 2090: Senators Latz, Jensen and Newman.

H.F. No. 474: Senators Champion, Hayden and Hall.

Senator Bakk moved that the foregoing appointments be approved. The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Bakk from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 1641: A bill for an act relating to health; permitting the medical use of marijuana; setting fees; authorizing rulemaking; providing criminal and civil penalties; appropriating money; amending Minnesota Statutes 2012, section 13.3806, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 152.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 1641 and that the report from the Committee on Health, Human Services and Housing, shown in the Journal for April 25, 2014, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on State and Local Government". Amendments adopted. Report adopted.

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

H.F. No. 683: A bill for an act relating to water; creating Legislative Water Commission; providing appointments; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 21, delete everything after "(c)"

Page 1, line 22, delete everything before "Members" and delete "secretary,"

Page 2, line 21, delete "2018" and insert "2019"

Page 2, line 23, delete "February 1, 2015" and insert "September 1, 2014"

Page 2, line 24, after "chair" insert "or a designee"

Page 2, line 25, delete "March 1, 2015" and insert "October 15, 2014"

Page 2, delete lines 28 and 29 and insert "\$155,000 is appropriated from the general fund in fiscal year 2015 to the Legislative Coordinating"

Page 2, line 30, after the period, insert "\$145,000 each fiscal year is added to the base through fiscal year 2019."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

MEMBERS EXCUSED

Senator Tomassoni was excused from the Session of today from 12:00 noon to 2:00 p.m. Senators Fischbach, Nelson and Pederson, J. were excused from the Session of today from 1:30 to 1:40 p.m. Senator Lourey was excused from the Session of today from 2:00 to 2:40 p.m. Senator Bakk was

92ND DAY]

MONDAY, APRIL 28, 2014

8487

excused from the Session of today from 2:10 to 2:50 p.m. Senator Hayden was excused from the Session of today from 2:15 to 3:00 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 29, 2014. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

